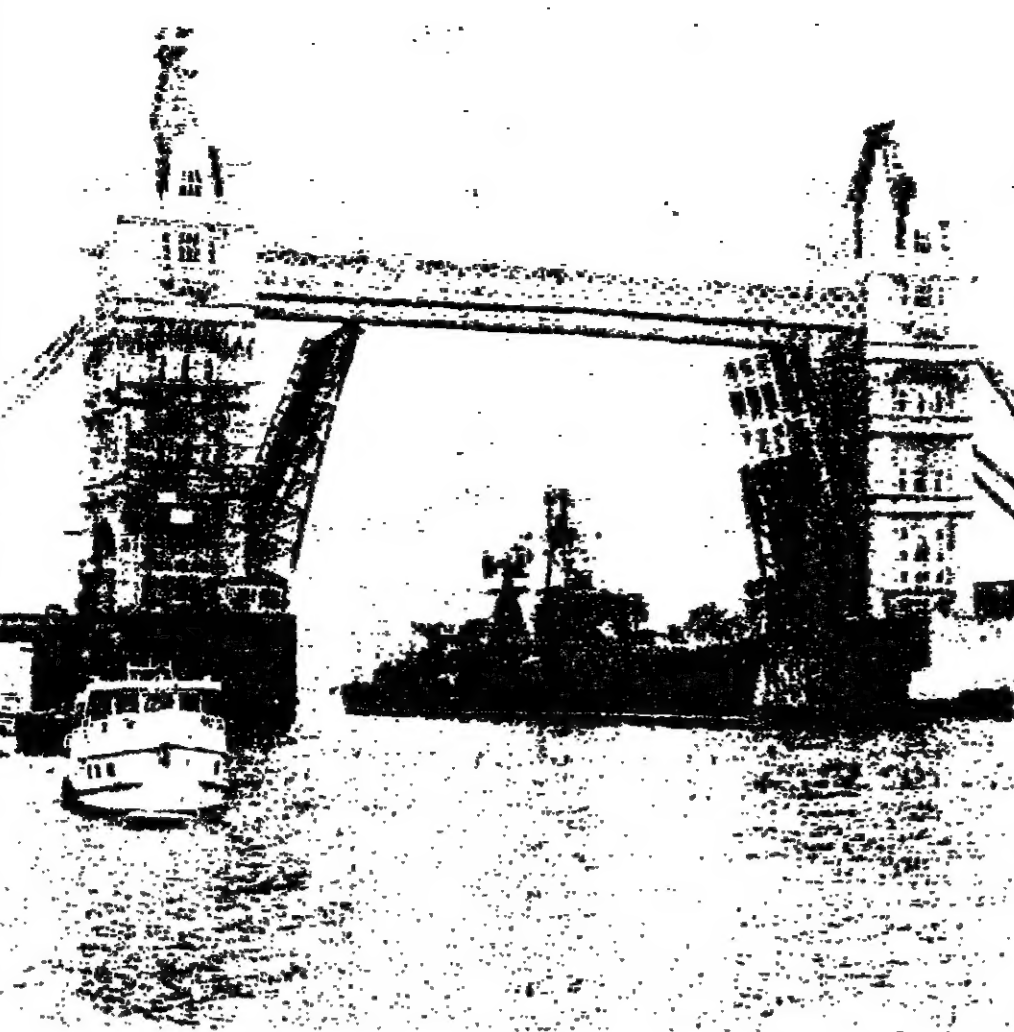


Israel defies US with go-ahead for settlements

Operational orders for the establishment of three new Jewish settlements in territory captured from the Jordanians in 1967 were issued by the Israeli Government yesterday. The move, which is a protest from the United States, may have been intended as a signal to the Arabs not to expect putting off the Middle East peace talks to held in Geneva.

Hint to Arabs not to delay peace talks

A Moshe Brilliant
Levi, Aug 17
Israeli Government today issued operational orders to establish three new Jewish settlements in territory captured from the Jordanians in the Six Day War of 1967. The settlements, which are being established in the West Bank, are intended as a signal to the Arabs not to expect putting off the Middle East peace talks to held in Geneva.



A Polish guided missile destroyer, the Warszawa, passing under Tower Bridge yesterday to begin a visit to London.

Flood damages paintings at V & A

By Kenneth Gosling
Arts Reporter
Paintings and frescoes valued at many thousands of pounds have been damaged, and in some cases written off, at the Victoria and Albert Museum, London, as a result of storms on Tuesday night.

Judge rules Concorde may land in New York

From Michael Leppman
New York, Aug 17
A federal judge ruled today that British Airways and Air France were "entitled to proceed with the operation of the Concorde at Kennedy airport, New York, Judge Milton Pollack said that the ban imposed for the last 17 months by the New York Port Authority was "an undue interference with achievement of congressional and national objectives".

'FT' stops paying 232 printers

By a Staff Reporter
The Financial Times has stopped paying members of the National Graphical Association, the printing craft union, whose disruptive action has prevented the appearance of the paper for 12 consecutive days.

Airline engineers drop strike threat

By Tim Jones
Labour Reporter
Engineering workers employed by British Airways at Heathrow decided yesterday to withdraw their threat of a strike when their union leader, Mr. Gatsky, accepted "appropriate internal disciplinary sanctions" for remarks he made about the airline's safety standards.

Earnings 9.7 pc up on year ago and 8 points below price increases

By David Blake
Economics Correspondent
A very small rise of 0.2 per cent in earnings in June brought the annual rate of increase down to 9.7 per cent, the increase in earnings over the previous year was a record 8 percentage points below the increase in prices in the same period.

Challenge to 'myth' view of the Incarnation

By Clifford Longley
Religious Affairs Correspondent
Two months after *The Myth of God Incarnate* upset churchmen of a sensitive disposition with a rude challenge to basic Christian beliefs, five champions of orthodoxy have stepped forward to pick up the gauntlet.

Mr Carter pays tribute to Presley

From Our Own Correspondent
New York, Aug 17
President Carter said today that Elvis Presley had "permanently changed the face of American popular culture" and had become a worldwide symbol of his country's "vitality, rebelliousness and good humour".

An appeal from the heart

Nearly 50% of all men who die before they reach 65 are killed by diseases of the heart and circulation. And the victims are getting steadily younger, bringing tragedy to younger wives and their young families. The British Heart Foundation has helped to save countless lives in the only way possible, by financing research into the causes, treatment and prevention of this killer disease. And we've had a lot of success through the development of aids like the pacemaker and the heart/lung by-pass machine which has revolutionised open heart surgery. You can help this vital work continue with a membership subscription, an "In Memoriam" gift, a legacy or a deed of covenant which increases your gift by over 50%. Diseases of the heart and circulation still cause more deaths than all other illness and accidents put together. Only research can change this devastating fact. Please help us finance more.

British Heart Foundation
survival through heart research
37a Gloucester Place, London W1H 4DH
or see your area telephone directory for your nearest Regional office.

g squad for play that led President Amin

is Harrison
17 Ugandans were a military firing a play had been at the National ampara which was Army leaders from President Amin, a Ugandan Army to claims he saw the theatre early this year, when his predecessor, Byron Kawadwa, was kidnapped and murdered while preparing to present a play based on the deaths of Ugandan martyrs killed during the persecution of Christians nearly a century ago.

hitelaw's or strations

Conservative deputy politician on home four-point plan for demonstrations. He ground rules and sentences against carrying offensive called for action to undermining, par Page 2
flight case
Government is demand from West Ger- SS Colonel Herbert th no one expects criminal will return etc his life sentence Page 5

Whitehall cited on Upper Clyde's fall

A confidential report on the collapse six years ago of Upper Clyde Shipbuilders alleges maladministration by Government departments. The report, now before the Parliamentary Commissioner (Ombudsman), says indications of poor relationships between the company and Government departments contributed Page 15

Credit sanction hint over pay breaches

In a further move to get its pay policy accepted, the Government announced that it might withhold export credit guarantees from companies which breach the policy. This would affect companies winning contracts mainly in Middle East, Latin America, and other Third World countries. Page 15

Escape for King

A bomb was found beneath an overpass in Majorca soon after King Juan Carlos drove by, according to Spanish news agency reports. The urban organization, Grapo, is suspected Page 4

Eve-of-poll advice

The Confederation of India Organizations has advised 12,000 Asians on the electoral roll in the Birmingham, Ladywood, constituency not to vote Labour in today's by-election Page 4

Cleared of murder

The Italian charged with the murder of a British couple near St Tropez was cleared by an investigating judge Page 4

Defence jobs: A £400m order for missiles will create 7,000 jobs over the next 10 years

Washington: Appeal Court judges rule that sources for Kissinger press briefing must be revealed Page 5

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HOME NEWS

Mr Whitelaw sets out rules to control street demonstrations

By Our Political Staff

Mr Whitelaw, deputy leader of the Conservative Party, yesterday issued a four-point plan for coping with street demonstrations. Unless the Government took action along the lines he suggested, "our police will continue to be used as a punch bag by street looting and hooligans", he said in a statement.

First, he said, the Government must work out new ground rules for demonstrations. If published before a particular demonstration they would protect authorities responsible for public order from accusations that they were making political judgements about whether to allow a demonstration at a particular time or place.

Secondly, "the police should be encouraged to seek out and arrest those street hooligans who physically assault them under the disguise of a political cause, and the courts should be encouraged to hand out severe, exemplary sentences to those arrested, especially those carrying offensive weapons".

Thirdly, the Government must indicate what it intended to do to relieve the undermanning of the police force, particularly in London, and what steps were being taken to achieve a satisfactory solution on police pay. It should also announce immediately that it was going to end the cut in civilian police staff.

Fourthly, responsible leaders of the ethnic minority communities in Britain "should continue to make clear that the police are defending the rights and liberties of everyone, and they must help to counteract the extreme left wing's attempt to mislead youngsters into thinking the police are their enemies".

Mr Whitelaw added that he had learnt as Secretary of State for Northern Ireland that "those who seek to disrupt a society make the undermining of the police force their first objective". Now that the police had become the clear target of extreme left-wing Socialist Workers' Party it was vitally important to learn that lesson and give the police the fullest possible support at all levels.

He unreservedly supported the statement issued by Mr David McNee, Metropolitan Police Commissioner. Mr McNee was absolutely right to seek to uphold the rule of law, by using lawful force if necessary, he said, but it was not enough merely to give oral support to the police; there must be action now.

Clarification needed: Mr Eldon Griffiths, Conservative MP and parliamentary adviser to the Police Federation, said yesterday that the Government should give more clarification on street violence, and not "dodge the issue" (The Press Association reports).

"I know that only the police can make operational judgements, but they should not have to make political judgements", Mr Griffiths said. The Home Office must make the political situation clear.

Mr Griffiths also called for greater financial support for the police.

"Ban carnival": Mr Martin Webster, of the National Front, called on Mr Rees, Home Secretary, yesterday to ban the Notting Hill carnival. He said the Front would be advising its members to keep out of the area.

Advice to Asians, page 4

Letters, page 13

SWP will try to halt march in Manchester

The Socialist Workers' Party, the main left-wing group involved in Lewisian, said yesterday that it would try to halt a National Front march planned for Manchester on October 3.

The National Front says the march and meeting are being called "to defend British free speech from red terrorism".

Mr Stephen Jefferys, SWP organizer, commented: "It is taking place in an area with a high immigrant population". He called on trade unionists, socialists and black people to stop it.

"We hope violent parties will not be necessary, but if the authorities allow it to go ahead we may have no alternative", he said.

The TUC's North-west regional council yesterday wrote to Mr Rees, Home Secretary, and Mr James Anderson, Chief Constable of Greater Manchester, asking for the march and meeting to be banned.

Asians' poor English blamed for prejudice

Poor English by Asians in Bunderfield is largely blamed for the racial prejudice there, according to a survey released yesterday by the town's community relations council.

Any prejudice in factories is sometimes made worse because many Asian adults do not speak English and make an attempt to integrate, the survey says. There are about 8,000 people of Asian origin in Bunderfield.

Although their children speak better English, it is not good enough for them to cope with white youngsters at school or in seeking work, the report says. Their feelings of prejudice are strengthened when they cannot get the jobs they want.

The survey was made by Mr Nadim Hussain, a chemistry graduate and a leader of the Pakistani community, and Mr David Anderson, a social worker.

Lessons of Ulster violence are studied

From Christopher Walker, Belfast

Government advisers studying the implications of the violent demonstrations at Lewisian and Birmingham are understood to be paying close attention to lessons learnt during eight years of street violence in Northern Ireland.

It is recognized in official circles that the presence of the Army represents a fundamental difference in Northern Ireland. But it is still felt that long experience in handling rival factions in Ulster could be useful in the context of threatened confrontations between extreme left and right in English cities.

Police and army sources in Northern Ireland maintain that the key to the successful containment of violence during demonstrations and marches lies with the careful advance planning of routes. That is the responsibility of the police.

To assist this process, the province's Public Order Act, 1951, has been amended twice since the present crisis began. In 1970 the time limit for notification of a march was extended from 48 hours to 72. A year later it was amended to its present period of five days.

Other amendments to the Public Order Act, Northern Ireland, were also introduced in 1970 in the wake of rioting in Belfast and Londonderry.

The Secretary of State for Northern Ireland has power to ban any march or demonstration which he considers to be a threat to public order. The Chief Constable of the Royal Ulster Constabulary, in 1970 the maximum duration that a ban could be imposed was extended from three months to 12 and the law was further clarified to permit counter-demonstrations to be banned for up to a month.

Other amendments to the 1951 Act made it clear that those taking part in illegal marches were liable to be prosecuted, as well as the organizers, and it was made an offence to try to break up a march.

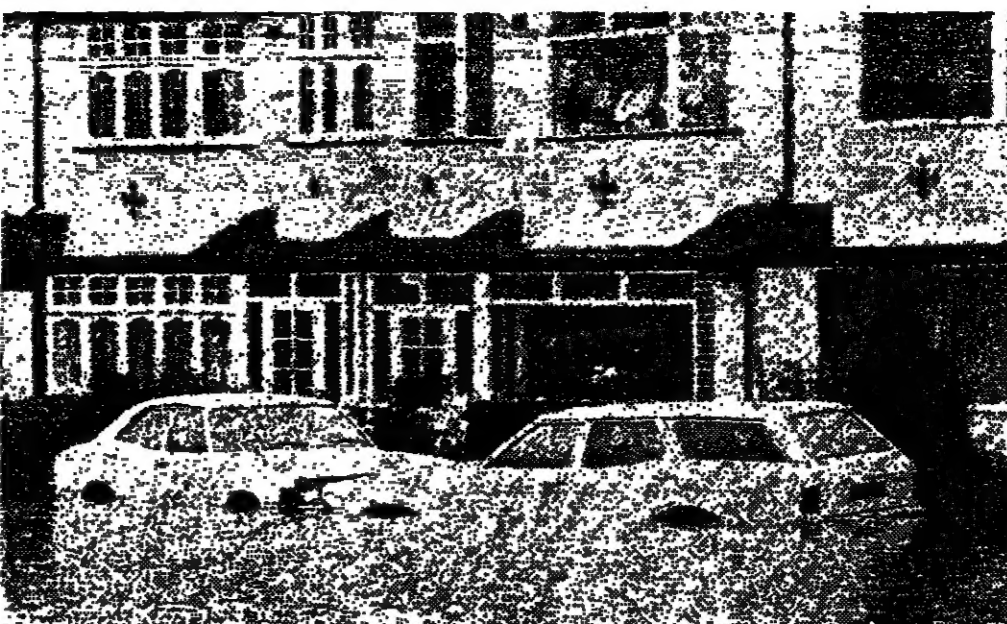
If legal meetings were being held in public buildings, it was made a specific offence to trespass on the property to try to disrupt them, and many of the penalties for illegal marching were strengthened.

One of the successful tactics initiated to control clashes between rival crowds has been the use of large portable barriers.

During the riots that marked the initial stages of the Ulster crisis many methods of crowd control were tried. They included water cannons, filled with coloured dye.

The difficulties encountered by the British police in recent demonstrations have inevitably raised the question whether soldiers will at some time be called upon to perform Belfast-style duties on the mainland.

Some army officers believe that a call to assist the police may come. But it is hard to detect any military enthusiasm for such a move.



Residents looking out on waterlogged cars in Hanger Lane, west London, yesterday.

Storms damage some harvest crops and floods disrupt travel in the South

By Hugh Clayton, Agricultural Correspondent

Food inflation was decelerating so much that there was no need to demand excessive wage increases, Mr Silkin, Minister of Agriculture, Fisheries and Food, said yesterday. In spite of Tuesday night's storms in which grain crops were beaten down on hundreds of English farms, Mr Silkin said: "Prospects look good for both producers and consumers".

Although whole fields of grain were flattened, especially in the south, Mr Silkin said, the damage was not as serious as it might have been.

Given reasonable weather from now on, this year will see an excellent harvest, not only of cereals but also of potatoes, vegetables and sugar beet", Mr Silkin said, while commenting on the latest government forecast of farm output in England and Wales.

The census, which reflects the state of farming in June, showed that the total pig breeding herd, a prime determinant of pig supplies in the next year, was 1.6 million head, the highest for June, 1976, at 693,000 head.

Officials said yesterday that cuts in feed prices had stimulated confidence in the industry so that sow slaughterings had totalled about 7,400 head in July, compared with more than 6,000 head a week in June.

The census showed that total cereal and potato acreage had increased. Reductions in sowings of wheat and oats had been outweighed by a rise of more than a tenth in the area down to barley.

The number of farmers and farmworkers continued to fall, so that at 225,300 the labour force was almost as small as the total of farmers at 219,500.

Travel disruption: The storms disrupted road and rail services in southern England and the Midlands (The Press Association reports). Almost 24 hours later, floodwater was still causing difficulties in north and north-west London. Some roads in Greenford were still under 6ft of water, and diversions were set up where the Grand Union Canal overflowed on to the North Circular Road. Some cars on the road were submerged.

Many rivers, including the Thames, were still high last night, and there were fears that further rain would add to the disruption.

The police evacuated more than 30 people from homes in the Greenford area.

Among at least 20 main London roads badly affected by the flooding were Chelsea Embankment, Brent Cross, and Hanger Lane at Ealing.

Train services to and from Euston were subject to delays. Local services from Bedford, St Albans and Luton, which normally run to Moorgate,

were diverted to St Pancras, and other services north of London were disrupted.

Many Underground stations were out of action and commuters delayed.

Nearly half an inch of rain fell at Heathrow airport last night. At Hayes, several families were evacuated from boats from their homes. They were sent to a school for the night.

The London fire service said it received so many calls for help that it had started to lose count. In the Acton area floods were up to 5ft deep. Abandoned vehicles added to the chaos.

About 70,000 telephones in London were put out of order by flooding. A restricted service operated in north-west and south-east London, and a serious cable fault affected calls within central London.

The London Weather Centre said it was the wettest 12-hour period since August, 1971. It reported a rainfall of 1.52in on Tuesday night.

The highest rainfall reports on Tuesday night were 4.5in at Ruislip, Manor Park, and 4.4in at Maple Lodge sewage works, Richmond.

Services were not running on the Underground's Central Line between White City and Queensway last night because a tunnel was waterlogged. British Rail trains between Euston and Watford could not run between Watford Junction and Harpenden. Passengers had to use buses.

Work for 7,000 on missile projects

By Henry Stanhope, Defence Correspondent

A £400m package of new and improved missiles for the Armed Forces over the next 10 years was confirmed by the Ministry of Defence yesterday.

The package, involving four projects, will create 7,000 jobs directly in the aerospace industry, and about the same number indirectly in supply contracts.

All three Services are affected by the purchases, which were forecasted in The Times yesterday. Mr Gilbert, Minister of State for Defence, said the package was the intention was to provide essential weapons at a price that could be met despite defence constraints.

The missiles are: 1. P37: An anti-aircraft missile, which will be developed by the Hawker-Siddeley Dynamics part of the aerospace industry, replacing the existing Martel system in the early 1980s. It will have a much longer range than Martel's 15 miles and has been chosen in preference to the American anti-aircraft Harpoon system. P37 will be fitted to RAF Buccaneers and then the new Tomado strike aircraft and the Royal Navy's Sea Harrier.

2. TOW: An American anti-tank missile to be used by the Army in its new Lynx helicopters. TOW, battle-proven in Vietnam and already in service with 10 other countries, has been chosen after fierce competition from the Franco-German HOT system.

3. Sea Dart: As such is expected to enter service this year as the Royal Navy's main area defence missile. The Ministry is now planning a series of improvements, particularly in electronic countermeasures, to meet the changing threat up to the year 2000. Sidewinder: An improved version of the AIM-9G, developed by the American firm Raytheon, which will be used by the Royal Navy's Sea Harrier.

The improved Sea Dart should be ready for service by the mid-1980s and the other missiles by the early 1980s.

Mr Gilbert said the projects should ensure that the guided missile industry would retain its design capability well into the 1980s.



Cancer victory: Nigel Berry, aged four, above, was given a clean bill of health yesterday after a fight against a stomach cancer that was discovered when he was five weeks old. He was treated at Searcote Hospital, Leeds, and is to start school next month.

Estate heir stole from meter

Henry Howard, aged 27, of Railway Street, Kingsbury, North Yorkshire, admitted stealing £40 from an electricity meter when he appeared before magistrates at Maltby yesterday. He was fined £20, ordered to pay restitution to the electricity board, and to forfeit bail of £20.

Mr Peter Cullen, for the defence, said Mr Howard, who is heir to the Castle Howard estate, was working for his aunt as a gardener. He had spent his allowance of £20 for the week when out of desperation he stole from the meter earlier this year.

Mr Howard was due in court in June but failed to attend. A warrant was issued and the police arrested him at Slingby on Tuesday.

The court was told that after attending schools in Rutland and Surrey, Mr Howard had been employed as a farm worker, spent a year in college, another in Australia and had been an odd job man.

Body identified

The body of a man found in the sea at Worthing yesterday was identified last night as that of Mr Peter Owen Chad, aged 48, of Croydon, West Sussex, whose sailing dinghy was found drifting off Shoreham a week ago.

Mother jailed

Mrs Sandra Jackson, aged 2 of Sheffield, was jailed for month yesterday for stealing her son's clothing, when he was 15 months old, and causing actual bodily harm.

Villages overlooked

An error by the Post Office left telephone subscribers in Dorset, Gloucestershire, Raglan, Grant, near by, or the new directory for the area.

Student rebates

It is regretted that, after the rebate period which is resolved, there are delays in processing refunds and in giving correspondence students. We apologise for inconvenience, but all requests are being cleared as rapidly as possible.

Vigilante threat after bookshop attacks

By a Staff Reporter

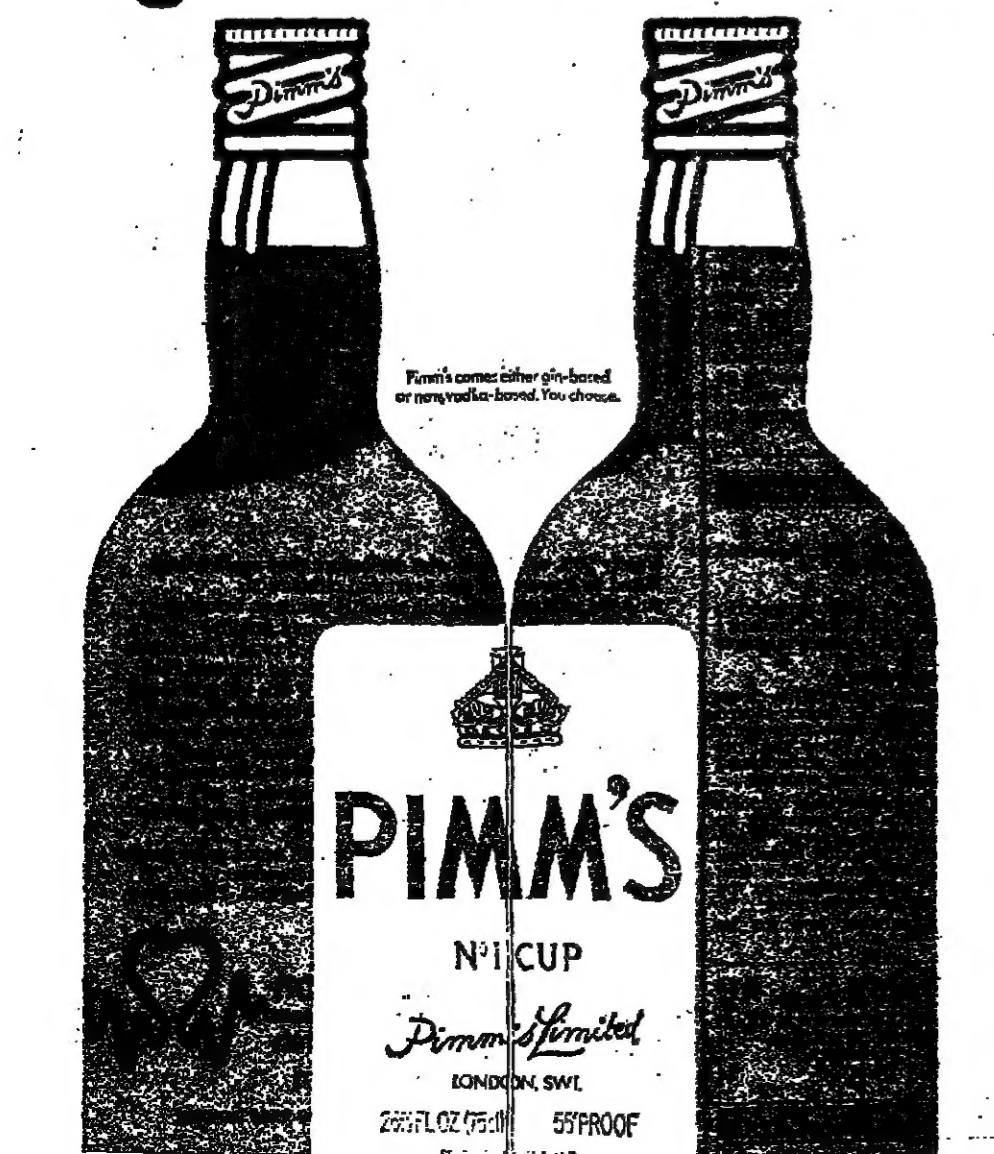
Black vigilante groups might be formed in London to fight the growing number of racially motivated attacks on immigrants, shops and properties, the proprietors of Unity Books, at Hatfield, north London, said yesterday.

The Centreprise Bookshop, at Dagenham, east London, part of a

community project for black youths, was badly damaged earlier this week when petrol was poured through the letter box and ignited. Four other left-wing bookshops have been attacked, including Bogle's at Ealing, the New Beacon Bookshop at Finsbury Park, and Unity Books, which last week was gutted by a fire-bomb explosion.

Mr John Larose, owner of the New Beacon Bookshop, which in June was sprayed with anti-immigrant slogans and posted with National Party stickers, said they had appealed to the Home Office and the Metropolitan Police Commissioner for protection. The police said yesterday that the attacks were probably the work of right-wing activists.

We really should get together more often



Guide to assess progress of under-fives

By Our Social Services Correspondent

Parents, child-minders, play-group leaders and others in day-to-day charge of under-fives will be able to assess how the children are developing with a guide launched today by the National Children's Bureau. It has been tested on 200 children whose progress was recorded on charts provided with the guide.

The guide lists simple tests that can be used to measure a child's progress, from being able to sit when propped up with pillows to turning the pages of a book.

Dr M. Kellmer-Pringle, director of the bureau, said yesterday that the guide should enable people caring daily for children to assess their progress and detect early any signs of backwardness.

A free trial guide for children aged five to eight has been produced.

The guide for under-fives is available with 10 assessment charts from the National Children's Bureau, 9 Walker Street, Islington, London EC1V 7UR, at £2.08.

Youngest player is beaten again in chess contest

From a Chess Correspondent, Brighton

The sixth round of the Collingwood British Chess Championships at Brighton yesterday saw little change in the leading positions as most of the leaders drew their games.

Bothwell and Williams, the two Welsh representatives, were in no mood to take risks against each other and agreed to a draw early in the session. Overnight Bothwell missed his golden opportunity to make the sole lead by allowing Cafferty to escape with a draw.

The youngest competitor, Nigel Short, who staged a revival on Sunday, was beaten again, this time by John Lifford, a former Midlands champion, and he now has 24 points out of nine.

Results: 1. Bothwell v Williams, 1/2-1/2; 2. Short v Lifford, 0-1; 3. Cafferty v Williams, 1/2-1/2; 4. Williams v Short, 1/2-1/2; 5. Williams v Short, 1/2-1/2; 6. Williams v Short, 1/2-1/2; 7. Williams v Short, 1/2-1/2; 8. Williams v Short, 1/2-1/2; 9. Williams v Short, 1/2-1/2; 10. Williams v Short, 1/2-1/2.

Holidays saved as agency fails

A holiday rescue operation was being organized last night after the collapse of the Belfast travel agency, Abours, earlier in the day. The Association of British Travel Agents said 65 people, due to return from Tenerife at the weekend and 65 due to return next week would be able to complete their holidays.

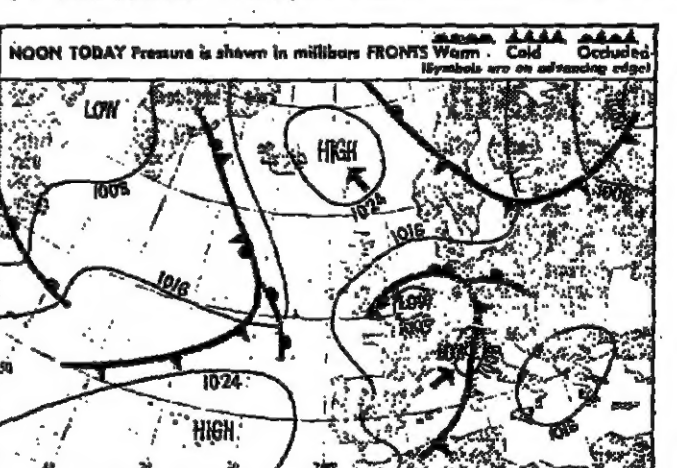
Grunwick appeal

An appeal to the Lords by the Advisory, Conciliation and Arbitration Service (Acas) against the Court of Appeal ruling that an Acas recommendation of a hearing over a disciplinary matter at the Grunwick factory was null and void is expected to be heard on November 7.

Newspaper halted

Members of the National Union of Journalists at the Lancashire Evening Post, Preston, refused to work yesterday in support of a colleague who, they say, has been dismissed without a hearing over a disciplinary matter. The newspaper did not appear.

Weather forecast and recordings



NOON TODAY Pressure is shown in millibars. FRONTS Warm, Cold, Occluded. Wind direction and speed in mph. Rain, snow, hail, sleet, fog, etc. as indicated.

Today Sun rises: 5.51 am; Sun sets: 8.17 pm; Moon rises: 10.3 am; Moon sets: 9.25 pm.

First quarter: August 22. Lighting up: 8.47 pm to 5.23 am. High water: London Bridge 4.42 am, 7.54 am (24.5ft); 4.57 pm, 7.44 pm (24.4ft). Low water: 10.20 am, 11.20 am (13.4ft); 10.31 pm, 11.31 pm (13.5ft). Dover: 1.48 am, 6.50 am (21.4ft); 2.6 pm, 6.74 pm (11.1ft). Hull: 6.59 am, 7.54 am (24.3ft); 9.32 pm, 7.16 pm (13.3ft). Liverpool: 1.35 am, 9.40 am (18.9ft); 3.20 pm, 9.24 pm (18.2ft).

Pressure will be low over SE Britain and high to the N of Scotland, with a NE airstream across all parts.

Forecasts for 6 am to midnight: London, East Angles, Central S, SE and E England, E Midlands: Cloudy, outbreaks of rain; wind NE, moderate or fresh; max temp 17°C (63°F).

W Midlands, Central N, Scotland: Mostly cloudy, occasional rain, perhaps brighter later; wind NE, moderate or fresh; max temp 18°C (64°F).

Channel Islands: Rather cloudy, occasional rain; wind N, light or moderate; max temp 17°C (63°F). SW England, S Wales: Cloudy, rain in places at first, bright intervals developing; wind NE, moderate or fresh; max temp 17°C (63°F).

Wales, NW England: Mainly dry, bright or sunny intervals; wind NE, moderate or fresh; max temp 17°C (63°F).

Lake District, Isle of Man, Glasgow, Central Highlands, Argyll, SW Scotland, NW Scotland: Drizzle, sunny spells; wind NE, light or moderate; max temp 20-22°C (68-72°F).

NE Scotland, Orkney, Shetland: Cloudy, coastal fog patches, perhaps drizzle; wind NE, light or moderate; max temp 14°C (57°F).

Outlook for tomorrow and Sunday: Rather cool and cloudy in SE with occasional rain at first, mainly dry elsewhere, temp about a little above normal.

Sea: August 18: S North Sea: wind NE fresh to strong, locally gale at first; sea very rough. Sprag of Dover, English Channel (E): Wind N moderate, backing NW fresh; sea moderate.

St George's Channel, Irish Sea: Wind NE fresh to strong, locally gale at first; sea very rough.

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HOME NEWS

Request for Skytrain to fly from Gatwick

Mr Freddy Laker, chairman of Laker Airways, has applied to the Civil Aviation Authority for permission to operate his Skytrain service between London and New York from Gatwick rather than Stansted.

He also wants all restrictions on frequency and capacity to be removed; the free baggage allowance to be increased to 40lb; travel agents to be involved; and seats to be allocated from 4 am on the day of departure.

The Skytrain service due to start on September 26, will enable passengers to fly without booking in advance. Mr Laker said yesterday: "Now that the walk-on, walk-off principle for north Atlantic travel has been accepted by the six principal airlines operating between London and New York the time has come for Laker, the originator of the Skytrain concept, to update its own proposals."

He said that for six years the airlines of the International Air Transport Association had frustrated every attempt by Laker to introduce the Skytrain; now they were claiming a breakthrough.

"Even so, Skytrain fares are still lower than anything being offered by the IATA airlines. Furthermore, all seats on Skytrain are available for sale."

Mr Laker also said that his winter fare of £126 for a round trip from London to New York and back, inclusive of food, complimentary drinks and films, compared favourably with the £153 advance booking fare offered by the IATA airlines.

Boy found drowned

Nicholas Andrew Poole, aged seven, of Farmer's Close, Wilton, Oxfordshire, was found drowned in a gravel pit ditch yesterday after being missing overnight.

Complaint on Irishmen report upheld

The Daily Express should have published a government denial or produced substantiation after a report on allegations about Irishmen being involved in social security abuses, the Press Council says today. It upheld a complaint against the newspaper by the Federation of Irish Societies.

The newspaper published a front-page report by Alan Cochrane on alleged social security abuses by criminals, Irishmen and foreign students. It said that Irishmen, many of them IRA sympathizers, skulked off large amounts of money to keep their families and often bogus families. Much of the money paid for bullets to be fired at troops in Ulster, the report said.

Judge seeks pledge on atom inquiry

From a Special Correspondent

The question whether there would be a public inquiry before the Government decided to start a programme for fast-breeder reactors was put by Mr Justice Parker, inspector at the Windscale inquiry, yesterday.

Mr Ian Niven, an under-secretary at the department of the Environment in the directorate of nuclear energy and waste, was unable to give an explicit answer despite repeated questioning. Mr Justice Parker instructed him to put the question to his department.

The inspector was not satisfied with Mr Niven's statement that what Mr Shore, Secretary of State for the Environment, had told the Commons last May, contained a "considerable implication that there would be an inquiry into CFR 1 (the first fast reactor, of which the prototype is at Dounreay).

Mr Niven had said that hitherto the Government had not said that the CFR 1 decision should be subject to a planning inquiry commission.

He added: "It is the Secretary of State's intention to ensure that by one means or another any proposal for CFR 1, when it is put forward, will be properly examined and that there will be a proper framework for wider public debate. Taken together, these two processes should provide the opportunity for all the views on the fast-breeder reactor to be taken into account."

Mr Justice Parker expressed dissatisfaction. An explicit answer was important because from time to time during the Windscale inquiry he had put off witnesses whose evidence he considered more appropriate to the CFR 1 inquiry, which he had understood would follow.

If there was not going to be an inquiry into CFR 1, many matters raised at the Windscale inquiry would have to be repeated.

"Fast-breeder reactors use plutonium as a fuel and are said to be able to generate 60 times more energy than conventional reactors. But they breed plutonium, and environmental champions oppose their introduction, because of increased risks."

Fast breeders might be seen as a natural progression to oxide reprocessing, which is the subject of the Windscale inquiry. Such reprocessing would produce more plutonium.

Tenants' homes scheme

The 8,000 tenants of Epping Forest District Council, Essex, are being given the opportunity to buy part of their homes if they cannot afford the whole.



Britain's motor industry: economic barometer with an unsettled reading.

Journey through Britain 6: Car salesmen with time on their hands Vehicle prices make private buyers reluctant

By John Young

The A45 from Birmingham to Coventry runs through car country, the heartland of Britain's troubles, and much of the country's economic life. It is an economic barometer, and if the deserted showrooms in turn reflect the state of the industry, the weather is by no means yet set fair.

"Cordons" is a three-storey building, described on placards as "The UK's Largest Used Car Supermarket". Last Thursday afternoon it was almost eerily silent, its merchandise gleaming in the sunshine but attracting no admirers.

The manager, Mr Peter McKenna, an American who has lived in Britain for nine years, insists that things are not as bad as they appear. Although business was at least a quarter down from the boom years of 1972 and 1973, last year had been the best since then, and

the early part of this year had shown a further improvement. The main deterrent, of course, was the general economic situation and the lack of confidence. A relaxation of hire-purchase restrictions would have some effect, but probably not as much as some people believed. Would-be buyers were reluctant to commit themselves to substantial monthly payments until they were sure of what the future held.

But there was also a shortage of second-hand cars coming on the market. One reason was the growing gap between their sale value and the price of new vehicles, which meant that many firms were hanging on to their company cars for longer periods before replacing them.

Manufacturers' inability to meet production targets and delivery dates was also partly responsible. The company's parent group, Bristol Street Motors, had placed orders with one

manufacturer for tens of thousands of pounds' worth of new cars on behalf of large commercial customers and until they were delivered those customers could not dispose of their present fleets.

Customers were no more conspicuous at Collier's showrooms a couple of miles down the road. But a salesman summoned from somewhere at the back of the building, Mr Andrew Burt, appeared surprisingly cheerful and, if he was disappointed at not finding a prospective purchaser, he concealed it well.

Again, the chief complaint was a shortage of cars rather than customers. "Certainly you could not say that the past two or three years have been record ones by any stretch of the imagination."

But I suppose one reason why we have not noticed any drop in demand is because we are British Leyland

dealers, and, as you can imagine, until quite recently we have been very short of anything to sell."

The firm specializes in the more expensive makes such as Rovers, Triumphs and Jaguars, and 90 per cent of its business is in company cars. There are waiting lists of at least a year for Jaguars, nine months for Rovers saloons, and upwards of two years for Range Rovers.

"Companies do not seem to bat an eyelid at present prices," Mr Burt added. "For the director or senior executive an expensive car is one perk he can legitimately put down to the business."

On the other hand, the person who has £5,000 to spare on buying his own car is becoming increasingly rare. I honestly cannot remember when I last sold a Jaguar to a private individual."

Next: Country parsons

In brief

Ministry warning on crash helmets

Motor cyclists who have bought certain Italian crash helmets are urged by the Department of Transport to return them immediately to their suppliers. The helmets, labelled "Ca Ber Mistral" or "Gemini", with a speckled metallic paint finish, do not meet the technical requirements specified by law. The department stated yesterday.

Sharples estate sale

Lady Sharples, widow of Sir Richard Sharples, the Governor of Bermuda who was assassinated in 1973, is putting her 2,000-acre estate at Chawton, Hampshire, up for sale. It is expected to realize more than £2m.

Rabies law broken

For allowing the ship's dog to be on deck instead of being confined after their vessel had docked, Captain Horst Buschmann, of the West German cargo ship Novia, and two of his crew were fined a total of £1,000 at Hull yesterday.

Peer stole purse

Lord Breadalbane, aged 58, of Finchley, London, was conditionally discharged for two years by Highgate magistrates yesterday after he had been convicted of stealing a purse from a woman's bag.

Vote of confidence

Mr Albert Roberts, Labour MP for Northampton, one of three MPs linked with Mr John Poulson, the former architect, has been given a vote of confidence by his constituency Labour Party.

Sit-in by pensioners

Old age pensioners yesterday staged a sit-in at the old town hall, Market Deeping, Lincolnshire, which is supposed to be a public rest room but has been closed for years.

Duke objects to criticism over rare birds' loss

The Duke of Devonshire, who was criticized on Monday for not cooperating in protecting the nest of a pair of rare hawks on his North Yorkshire grouse moors, yesterday denied having refused permission for a 24-hour watch on the birds.

Six chicks were hatched but disappeared. Yorkshire Dales National Park officials and the Royal Society for the Protection of Birds suspected theft. The birds, hen harriers, are protected.

The duke said yesterday: "The watch was granted, but they then asked to put a tent up. He refused that because it would have drawn attention to the place. A caravan on the public road a mile away would have been adequate."

He hoped to be allowed to defend himself at today's meeting of the national park committee.

Mr Ian Armstrong, regional officer, for the royal society, said he knew of no request for a tent but agreed that a base some way from the nest would have been best.

Drug charge remand

Charles Tennant, aged 20, of Eldon Road, Kensington, was remanded in custody for seven days yesterday when he appeared at Westminster Magistrates' Court, charged with attempting to smuggle a dangerous drug into Heathrow airport on Tuesday.

Anti-EEC MP urges new 'Concord of Europe'

By Our Political Staff

The proposed accession of Greece, Portugal and Spain to the EEC treaties was flatly opposed by Mr Neil Martin, Conservative MP for Banbury and a leader of the anti-EEC campaign, when he spoke at Easbourne last night.

He said those new members would make an already creaking EEC system almost unworkable, because resources would be drawn off to them for years ahead, leaving little room for progress in the difficulties facing the Community today.

The Treaty of Rome would collect members of the weight of 12 members.

Mr Martin suggested two ways out of the dilemma. First, the applications for membership could be rejected, and "if that

is done the Common Market will be totally discredited. Secondly, to take the lead in creating a new treaty for a 'Concord of Europe' based on cooperation between nation states without any supranational pretences."

Britain ought to secede from the EEC and in time would probably do so, Mr Hugh Jenkins, Labour MP for Warrington, said at a meeting in Dorset, Surrey, last night.

He said the enemies of the Labour Party saw in the question whether the party would fight an election to a European assembly it did not want a chance for the political realignment.

The Times had been seeking, if the danger had been foreseen.

Stubbs sale to go on despite owner's anger

The sale of two Stubbs paintings to the Tate Gallery is to go ahead, despite the owner's anger that his name was disclosed.

Major John Lyett Willis, a member of the tobacco family, offered the paintings, "Reapers" and "Haymakers" to the Tate on condition that he remained anonymous.

He threatened to withdraw his offer when his identity was disclosed. Yesterday, however, he agreed that the sale should go ahead because of the "enormous public interest" in the paintings.

Major Willis has offered the paintings, which have an estimated market value of £125m, to the Tate for £774,000 as he is anxious that they should remain in Britain. The gallery must raise £140,000 by Christmas in order to qualify for a government grant of £190,000. It has launched a public appeal and is organizing a lottery, which it hopes will raise £40,000.

The paintings are on view at the Tate Gallery and are widely accepted as among the best English works.

Siege killing inquest opens

A man who died from a gunshot wound in the head during a siege by armed police at Bethnal Green, London, on August 9 was identified as Michael Joseph McGarrity, an unemployed scaffolder, when an inquest opened at St Pancras yesterday.

A police officer said McGarrity, aged 33, of Teat Street, Bethnal Green, had been identified by his fingerprints. The inquest was adjourned.

Two struggled at wheel before fatal crash

Two men struggled to control a minibus shortly before a crash in which six people died, an inquest at Pontefract said yesterday.

On July 24, on the A1 near Ferrybridge, as members of the Pontefract Phoenix Boys' Club were going on a fishing trip their bus swerved across the central reservation into the path of an oncoming car. Four people in the bus and two in the car were killed.

Christopher Lee, aged 17, said his father, Mr Fred Lee, aged 47, was driving the minibus.

SNP sees scant hope of firm Bill of Rights

From Ronald Faux

Parliament is an institutional fossil with neither the will nor the imagination to change, Dr Robert McIntyre, president of the Scottish National Party, said yesterday. He was commenting on his party's written submission to the House of Lords select committee on a Bill of Rights.

A projected Bill would probably go the way of all radical reforms to the British constitution and end up in the waste paper basket, Dr McIntyre added. Since the committee's remit did not extend beyond the present constitutional dispensation, he was unlikely that a thorough-going Bill of Rights would be proposed.

"Without a fundamental change in the British constitution, a Bill of Rights cannot be formally entrenched, and as such, loses much of its effect from the outset," he said.

However, he believed that a Bill of Rights in a written constitution would have cleared up many of the ambiguities in, for example, race relations legislation, and would have helped to create a climate of tolerance.

The party's evidence to the committee insisted that as long as there was adherence to the dogma of Parliament's sovereignty it would be impossible for a Bill of Rights to be adopted in a firmly entrenched way.

The nationalists remained committed to far-reaching changes and reforms, but thought it best that a Bill of Rights "of weak form" put forward in the party's draft Scottish constitution should be introduced. Such a Bill ought to be based on the European Convention on Human Rights.

WEST EUROPE

Plot to assassinate King of Spain foiled in Majorca

From Harry Debelius

Madrid, Aug 17

Police today discovered a terrorist bomb in Majorca, apparently intended to assassinate King Juan Carlos and Señor Adolfo Suárez, his Prime Minister.

The news agency Cifra said that police acted on a tip-off that members of the extremist organization Grapo (First of October Anti-Fascist Resistance Groups) had arrived on the island. Checking the King's route, they discovered a metal box containing plastic explosives. It had been placed beneath an overpass on the route used by the King and Queen to go from Marivent Palace to the Palma Yacht Club.

Another Spanish news agency, Europa Press, claimed that the bomb had not been discovered until the King had driven his own car today over the overpass on the way to the club. It is not known immediately whether Señor Suárez also passed over the bomb.

The two arrived at the yacht club early this afternoon to board the King's yacht, Fortuna, for lunch and a long talk. According to press reports, when they returned from their working cruise, the King and the Prime Minister were warned by the police to remain at the club while bomb disposal crews removed the device and deactivated it. The bomb was later exploded under controlled conditions in an open field.

The explosive was identified as goma-2, a type frequently employed by the military, and one which the mysterious urban guerrilla organization Grapo has used in the past.

There was almost no fresh bread in Madrid today, after bakers' owners had decided to stop baking in protest over the arrest of leaders of the National Breadmakers' Association.

The president and three other members of the executive committee of the association were jailed yesterday after they had advised bakers to violate price controls by reducing the weight of price-fixed loaves. Bakery owners in at least two other places in the province of Madrid were taken into custody.

Señor Juan José Rosón, the province's civil governor, conferred today with the military authorities about a plan for soldiers and bakery workers who want to work to take over the bakeries temporarily in order to produce enough bread for Madrid with its population of more than three million.

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There were fears that the strike might spread to other provinces. The dispute between the bakers and the Government began on Sunday when the bakers reduced the weight of loaves after the Government had failed to keep the deadline set by the bakers for authority to raise prices.

In a statement issued early today Señor Rosón said that bakers' owners who would not produce bread today would be punished with the maximum fines which the law authorizes. The governor said that the bakers' strike was "unacceptable" and "antislave".

Early shoppers quickly bought up all the sliced, prebaked bread available. Others had no bread for breakfast.

Later in the morning, Señor Rosón told reporters that the bread would be bread tomorrow. He added that the bakers had failed to produce bread for three days.

Hospitals would be supplied with bread from Army stocks. The Government was not "posed" to "negotiate from position of weakness". It would be no negotiation in release of these held. The Government was not "posed" to "negotiate from position of weakness". It would be no negotiation in release of these held.

He went on: "The situation has no mention in the law. The Government is not a business, but it must consider the interests of workers and consumers. Authorities had tried to negotiate with the bakers for a price since August 5. It adds the 35 per cent rise demanded by the bakers was an 'unacceptable' problem for the Government."

The National Bread Association argues that the price of flour has increased more than 2p a kilogram that wages have gone up per cent since July.

Any increase in the price of bread have been used in several other provinces. Paris: M. Jacques Chirac, Gaullist leader, today said an interview that he had the entry of Spain in the EEC would pose a "serious" problem for the Government.

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John Sever (Lab)



Quentin Davies (C)



Kenneth Hardeman (L)

Asians urged not to vote Labour

From Arthur Osman

OVERSEAS

Press briefing sources must be revealed, appeal judges decide

Washington, Aug. 17.—The United States Court of Appeals may have killed a journalistic institution when it ruled that the content and sources of "background-only" briefings frequently given by Government officials to selected correspondents must be revealed upon request.

Today's unanimous ruling came in a case involving Dr. Henry Kissinger, the former Secretary of State, who, while in office, gave frequent briefings on sensitive international situations with the instruction to reporters that they could only attribute the information to "a senior official" or a similarly unidentifiable source.

At issue was whether the State Department could properly classify as confidential parts of a press briefing given by Dr. Kissinger on December 3, 1974, after a copy of the transcript was released five months later through the Freedom of Information Act.

The court ruled it could not. The ground rules of the briefing, which was attended by 33 reporters, including two representing foreign news agencies, was that although correspondents could repeat the information, they could not attribute it to Dr. Kissinger.

State Department lawyers argued that revealing the source of the information, which concerned the disclosure of a former President Ford and Mr. Brezhnev, the Soviet leader, in Vladivostok on the strategic arms limitation (SALT) talks, would be detrimental to national security and jeopardize



Fans gather outside Elvis Presley's home in Memphis.

Presley fans flock to see his body

From Michael Leapman
New York, Aug. 17

Elvis Presley's body was lying this afternoon at Graceland, the mansion named after his mother, on Elvis Presley Drive, Memphis, Tennessee. Many hundreds of admirers had been flocking to the Southern city since the announcement late yesterday of the death of the man who, in the late 1950s, pioneered the overtly sexual style of popular singing which remains in vogue today.

All night cars jammed the drive as people drove just to be there, to watch the other people watching. The mood of the scene was one of a religious observance. The death was marked by the extensive tributes and news reports on radio and television.

The television networks cobbled together special programmes last night composed largely of clips from Presley's films. Although many of them were in black and white, dating back up to 20 years, it was remarkable how well his style has worn, how similar his gyrations, his gestures and

his pouts were to those of many of today's popular young performers.

Interviewers went out into the streets and found dozens of people in their thirties who gave emotional expression to their sorrow and surprise at the death of a man whose records, films and performances had set a style which shaped their entire adolescence.

In the late 1950s Mr. Presley had been regarded as a symbol of youth and iconoclasm, of rebellion against established order. As he and his fans became less young and less rebellious, his reputation changed, but did not diminish. He became highly regarded by professionals as a genuine pioneer of a musical fashion.

Tributes came yesterday from many of his contemporaries. Sammy Davis Jr. made a perceptive remark about the sexuality of his performance: "There was something just bordering on rudeness about Elvis," he said. "He never actually did anything rude, but he always seemed as if he was just going to. On a scale from one to 10, I would rate him 11."

Carl Wilson of the Beach Boys singing group described the impact Mr. Presley made on his generation: "His music was the only thing exclusively ours. His wasn't my Mom and Dad's music."

The circumstances surrounding Mr. Presley's death at 42 remain partly mysterious. Doctors say death was caused by an irregular heartbeat but give no real reason for this, beyond saying that he had been receiving treatment for circulatory difficulties and excess weight. Suggestions that the singer may have taken a drug overdose have been denied by everyone concerned.

Although his recent stage appearances had been rare, Mr. Presley had been due to make a short road tour next week. Many acquaintances said that he had been unhappy in recent months, feeling hemmed in by the large entourage of security men and others he took with him wherever he went.

The funeral will be tomorrow. It is planned that it should be private, but the demands of the media are likely to make it far from that.

Integration ruled out for South Africa

From Eric Marsden
Johannesburg, Aug. 17

A warning that planned changes in South Africa would stop short of racial integration has been given by Dr. Mulder, the Minister of Information. He told insurance executives at a dinner here that the ruling National Party was committed to change, but moving away from discrimination did not mean moving to an integrated society at all levels.

Dr. Mulder's comments came only a few days before a crucial meeting of the National Party caucus in Cape Town, which is expected to discuss an apparent split in the party over the pace of reforms aimed at better racial relations. Divergent views have been expressed by Dr. Koorhof, the Minister for Sport, who is regarded as the spokesman of the party's right-wing (enlightened) wing, and by Dr. Treurnicht, the Deputy Minister for Bantu Administration, a prominent *verkommer* (hard-liner).

Nationalists are expecting Mr. Vorster, the Prime Minister, to mediate in the dispute and make the party's stand clear.

Dr. Treurnicht has scathingly criticised moves for mixed sports clubs and called on South African whites to resist those "who are leading us into integration."

Dr. Mulder lived reforms made in economic and social life, noting that at least 18 hotels and restaurants had been desegregated. He pointed to the increased expenditure on health, housing and education for blacks, and to the consultative cabinet councils set up for blacks, Asians and Coloureds.

He called for confidence in South Africa's future and condemned "local elements assisted by overseas instigators" whom he accused of seeking to bring about a racial explosion. Risks faced by the country included a possible Marxist Cuban threat from Angola, political instability in Mozambique, deadlock in Rhodesia, United Nations pressure over South-West Africa, rioting in black

townships which created a lack of confidence among overseas investors, and economic troubles.

These threats could be countered by belief in the nation's future. South Africa was "an imperfect society with imperfect policies", but it still had more to offer than most other nations. Those who predicted the collapse of law and order underestimated the country's basic stability and the "basic good will which exists between the vast majority of the different nations in South Africa."

Dr. Mulder said liberal critics of the Government tended to take everything for granted when things were going well but when the wave of prosperity ceased, they complained there would be no political future for whites unless the Government acted quickly, to save what could be saved. He advised South Africa's internal critics to "love it or leave it."

Dr. Mulder's appeal is given prominence today in English-language newspapers, which continue to berate the Government over arrests in Soweto and the enforced removal of squatters near Cape Town.

A woman columnist in the *Rund Daily Mail* suggests that Mr. Vorster should emulate the Queen's visit to strife-torn Ulster by making a "walk-and-talk" visit to Soweto. Under the heading: "Liz did it—why not BJV?" She says that the Ulster visit showed that law and order meant civilized behaviour triumphing over the barbaric and concludes: "Right now, next to Britain's small, middle-aged monarch, our toughie rulers look a yellow-bellied lot."

A different comparison with Britain was made by a South African radio commentary on the Birmingham and Lewisham riots. It linked these with the rampage of looting by blacks in New York during the electricity failure and compared unfavourably the official failure to prevent them with South Africa's strong measures to prevent hoodlums and uphold law and order.

Soweto schools arrests

Johannesburg, Aug. 17—

Police today went to four schools in the South African black township of Soweto and arrested a number of students in connection with a protest against the education system, township sources said.

The police took away several pupils for questioning, but did not use guns or dogs, the sources said.

"Raided" schools in the black township outside Johannesburg.

"We were requested by teachers and principals to visit certain schools in the area," he said. He declined to say which schools his men went to, whether they had made any arrests.

Students are demanding that the black education system should be scrapped on the grounds that it is inferior to that for whites, but the Government denies their claim.—Reuters.

Panama Canal accord under fire in US

From Our Own Correspondent
Washington, Aug. 17

After a hesitant start, congressional opponents of the new agreement on the Panama Canal have fired their first shots against ratification.

Mr. John Murphy, Republican chairman of the House of Representatives subcommittee on maritime and fisheries, today accused the administration of "defying the overwhelming opinion of the people of this country." He had personally received 10,000 messages from people totally opposed to losing control of the canal, he told a public hearing.

"It is intellectual arrogance for these executive branch officials to assume that only they are informed and that the rest of the country is ignorant or incompetent," he claimed.

The two principal United States architects of the draft treaty, Mr. Sol Linowitz and Mr. Morris Hunt, sat motionless at the hearing table as Mr. Murphy read extracts from some of the messages he had received.

The proposed arrangements for the 50-mile-long canal, which were agreed in Panama City last week, involve the gradual transfer of jurisdiction over the canal from the United States to Panama by the end of the century. But the United States will retain the right to defend the neutrality of the waterway thereafter.

Under United States law, the draft treaty requires ratification by two-thirds majority in the Senate. In addition, the House of Representatives has to approve some parts of the agreement, including generous financial provisions amounting to between \$40m and \$70m (£23m-£40m) a year.

Mr. Smith, the Rhodesian Prime Minister, took his election campaign to eastern Rhodesia near the Mozambique border today. He told whites here that he had little faith in the Anglo-American settlement proposals and that he was more confident of engineering an internal settlement with the country's non-violent African leaders.

Addressing a crowd of about 300, many of whom arrived armed, in the village of Chipinda, the Rhodesian leader admitted that he could give no guarantee of success. But progress was being made, he claimed, in contacts between his government and non-violent black leaders.

The Rhodesian authorities said today that African guerrillas had murdered an African nursing sister outside a clinic in the Tlojoto tribal trust land on the country's south-western border.

In a separate incident, the Government statement said, guerrillas forced the closure of a Roman Catholic school in the Lupane tribal trust land in the west. The Government says that about 10 per cent of African schools in the country have been forced by the guerrillas to close down.

Continued from page 1
do further research and analysis on the subject matter. The scope of the further studies is nebulous and undefined (the consultant was asked to devise a programme) and nothing has been undertaken or funded.

The 40-page document then goes into a long, technical discussion of what it describes as the "additive effect" of the vibration the aircraft makes on the noise it creates. The judge points out that Concorde has been operating for more than a year and data have been collected from its flights.

He adds: "It is unreal for the PA to say 'We are helpless to theoretically quantify the additive effect of the vibration created by Concorde on Concorde's noise' and at the same time to bar the use of the airport under the circumstances shown herein under the guise of conducting more studies.... The conclusion is inescapable from the evidence that the court, and the

Rhodesian moderate's realistic proposals are not well received
White politician who wants majority rule now

From Michael Knipe
Salisbury, Aug. 17

Mr. Allan Savory, the arch foe of the Rhodesian Front Government, gazed, unsmilingly, at the sparse group of whites attending his election meeting.

"I know your fears," he said. "I'm a Rhodesian like you. I'm a Rhodesian right-winger. A conservative. I have the same fears. My home is here. Everything is here."

He paused for effect, then said somberly, in hushed tones: "I share your fears—but you have not got an alternative. It is black majority rule he is talking about the single issue that dominates and confuses Rhodesia's election campaign. The audience was silent and then broke into half-hearted, uncertain applause."

Mr. Savory, 42, is leading the moderate National Unionist Front (NUF) which is campaigning for votes on an uncompromising platform. It is advocating "immediate black majority rule with one man one vote elections, and the participation of the Patriotic Front, the African nationalist alliance led by Mr. Joshua Nkomo and Mr. Robert Mugabe, in past elections Mr. Smith's moderate political opponents have collected about 20 per cent of the vote but no seats.

This time the NUF is contesting only 18 of the 50 white seats and it would like to win enough of them to force the Government to accept a negotiated settlement based on the Anglo-American proposals.

By the standards of Britain and the rest of the Western world, the NUF's policies are certainly the most realistic. But to most white Rhodesians they are still anathema—almost treacherously unpatriotic. The RF and the right-wing Rhodesian Action Party describe them as surrender terms and tantamount to national suicide. The NUF's view is that the RF is still too nervous to grasp the reality of black majority rule, while the RAP is openly opposed to it.

Only about 80 whites from Highlands, Salisbury's smartest suburb, are expected to attend the NUF's political meeting. The faithful supporters were mixed with the openly sceptical, but the questions illustrated the concerns, the bulk of almost all white Rhodesians.

A bluff middle-aged man with a belated manner and a broad north country accent asked: "Can you tell me one thing, Mr. Savory, if you are a moderate, why have you ever been voted out by ballot?"

"No I can't," Mr. Savory said, "but you are going to get a black government whether you like it or not, in all probability next year. The choice is whether you get there peacefully with Western backing and aid, or whether you drag it out, fighting on for paper guarantees which won't mean anything, causing more bloodshed, more bitterness and losing Western aid."

"I know you won't like the answers. I don't like what's coming any more than you do. But I'm realistic enough to know that it's coming and I believe I'm doing the wisest course of action."

Could Mr. Savory give any guarantees that project would not be nationalized overnight, asked another questioner.

"No, I can't," Mr. Savory admitted. "But I can give you a guarantee that it will certainly be nationalized if we resist one man one vote and I can give you a guarantee of a fighting chance it won't be if we accept that prospect."

It was his belief—and I believe have far better African contacts than you—that the bulk of Rhodesia's African population would vote conservatively.

Mr. Savory is, in some respects, a Churchillian figure in the Rhodesian political scene. He alone of the liberals has an element of charisma that makes it difficult for even his enemies to ignore him entirely. At the same time he has a bluntness and belief in his own convictions that borders on arrogance and causes resentment even among those who think like him.

He has frequently been way ahead of the field in his political thinking. It is surprisingly admitted that he has expert knowledge of guerrilla warfare and he was the first man of any consequence to say publicly that the guerrilla war could not be won militarily, something the generals now openly admit.

He recalls, with only a trace of injured self-satisfaction, that he was disowned by the opposition Rhodesian Party, of which he was a founder member, for advocating in early 1974 that the Government should negotiate with the black nationalist leaders then in detention—something which Mr. Smith proceeded to do before the year was out.

Yet in spite of the fact that he has come as early as Monday night and speaks from the British perspective, sound common sense, Mr. Savory and his NUF colleagues remain thin voices crying in the wind. There are no signs that most white voters are listening any more attentively this time than in the past.

The fighting since Mr. Begin, the Israeli Prime Minister, reaffirmed in public early last week his country's military backing of the rightist forces.

Meanwhile, Lebanese Government officials continued discussions behind the scenes with representatives of the warring factions.

The Syrian peace plan, calling for a troop withdrawal and the creation of a demilitarized zone near the frontier, was to have begun with official Lebanese notification of all parties of the intention to send regular Lebanese Army troops to the area.

The notification, which could have come as early as Monday under the plan, has been delayed. Lebanese and Palestinian sources said the delay was due to the escalation in the fighting over the past week.

Beirut radio reported that Mr. Fuad Buitros, the Lebanese Foreign Minister, who helped to work out the ceasefire accord with the Palestinians and the Syrians last month, met Mr. Richard Parker, the American Ambassador, today.—UPI.

Heavy fighting continues in southern Lebanon

Beirut, Aug. 17.—Heavy fighting raged today in southern Lebanon, near the Israeli border, with no immediate signs of progress in activating a Syrian-sponsored ceasefire.

Reports from the region said overnight exchanges of artillery, mortar, and machine gun fire between Palestinian-Lebanese leftist forces and rightist Lebanese militia backed by Israeli gunners across the border, continued early this morning.

According to leftist reports, the shelling started a rash of fires, destroyed a number of houses and left at least three dead and eight wounded.

They claimed that rightist and Israeli shelling had started the clashes.

No casualty reports were immediately available from the rightist positions in Marjayoun and other hilltop positions.

However, rightist officials repeated the accusations that the Palestinians were to be blamed for the sharp escalation

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Italy feels humiliated by Kappler escape

From Peter Nichols
Rome, Aug. 17

The Italian Government is going through the motions of demanding the extradition of former SS Colonel Herbert Kappler, now officially confirmed to be in east Germany after his escape from the military hospital here.

No one expects that the Nazi war criminal will be seen again in Italy to complete his life sentence, but public anger continues at the level and some action had to be taken by the Government.

The *Corriere della Sera* describes the whole episode today as "a humiliating defeat" and says that commentators see it as a strong setback to Italian relations with West Germany.

As European support at the economic crisis in Italy only means help from the 1974, the Italian Government's position on the affair is obvious. The worst blow to be suffered by this delicately balanced Government comes from a country which is supposed to be an indispensable ally.

The *Corriere della Sera* speaks of the "humiliation" of Kappler's escape. It queries the official version that he was taken out of the military hospital despite the presence of 12 carabinieri in a trucked from his room at a military hospital on Monday by his wife, who was near to death of an intestinal cancer. "If the Italian Government is so concerned at least it should be possible to ascertain the full details," the newspaper says.

Stamps use the same humiliating Government confirms that Kappler's case will be called for Friday week, after the cancellation of a meeting with Herr Schmidt, the German Chancellor, on Friday in Verona, the Italian Government has far done to try to echo public opinion.

The situation is hardly helped by reports from West Germany that the former SS colonel is making his public appearance, it is probably that the essential lies between the German and Italian views.

Legend aside, this is not a sentimental and sentimental attempt at a liberation of Herr Kappler (supported by a section among his military men now seen to be sentimental in the Italian attempt to cancel his release from the Kappler home in

aliens have a certain interest in imposing it. Public opinion is accepted, under a move to hand back ailing war criminal official and dignified in that the way he has his freedom is not

annoyance points out Kappler affair has done the bombs of to destroy confidence in republic's institution head of state decided the West German in by granting a military courts to allow Herr Kappler's freedom, but he home all the same, question of which seems worse out of the Italians feel that

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Anything could happen if the generals got permission to push the button

The temperance air marshal who could take over in Pakistan

Peter E.
Home Affairs Correspondent

Oil: America gets to grips with its 'greatest domestic challenge'

ness and suspicion.
Officials in the Carter
administration, as I have already
said, are not given to pessimistic
doomsday prophecy. I believe
that the world crisis, the new
dilemma, can and will be
solved, but it will take
patience.

THE TIMES DIARY / PHS

victims are buried. "I
dering what will hap-
that Kappeler has oscar
said. "The relatives of
Jews among the vic-
already threatened to
all their bodies for re-
the Jewish cemetery
Italian Government as
Bonn pressure to let
go home."

Whatever the collective noun for thriller writers is, (a *trissien*, perhaps?), dozens of them—including three from *The Times*—will be in New York next March for an international crime writers' congress. Even greater accolade should suffice their books as a result of sessions with the New York police department, a cruise on the Coast Guard ship, chats with a genuine private-eye and, for those with strong stomachs, a visit to an autopsy. Both the editor and assistant editor of *The New York Times* will be going. How the paper will do in the mystery story.



AN UNWORTHY SQUABBLE

The psychological wounds of the Second World War are still not fully healed in western Europe. Even quite small incidents can break open the careful bandages of the European Community and reveal close beneath the surface the raw memories of the war and the antagonisms which it was supposed to put to rest. When West Germans joined in French demonstrations against nuclear power stations remarks were made about another German invasion. British children receive thrust at them in comic strips feelings about the Germans from which they are now two generations removed. The plight of Rudolf Hess never ceases to arouse controversy. Now a meeting between Herr Schmidt, the West German Chancellor, and Signor Andreotti, the Italian Prime Minister, has had to be postponed because of the passions aroused by the escape of an elderly German war criminal from an Italian prison.

Considering how many national antagonisms remain alive over centuries in other parts of the world Europe has done very well, but an episode like this can be a salutary reminder not to take wholly for granted the level of harmony which generally prevails. Strong feelings remain. Admittedly the long campaign in Italy against

moves to release Herr Kappler, who is now seventy and has been in prison since 1948, has been led by relatively small groups of former resistance fighters and others with special interests, but they speak for wider circles of the population, and last November they were strong enough to bring about a reversal of a decision to release him.

It has to be remembered that Herr Kappler was responsible for a quite appalling massacre of 21 innocent civilians in revenge for the killing of thirty-two German soldiers. The memorial in the Fosse Ardeatine is still a place of pilgrimage and ceremony. Such memories do not die easily. Nor is there any reason why they should. The questions that remain are whether Herr Kappler has now been punished enough, especially as he is said to be dying of cancer, and whether the fact that he has escaped to Germany should be allowed to become a political issue between the two countries, interfering with the conduct of necessary business.

It is often said that war crimes are so far outside the framework of ordinary human justice that it is impossible to measure the appropriateness or otherwise of punishment. This is true but it does not mean that ordinary human standards of mercy must also be suspended. To keep a

man like Herr Kappler in prison beyond a certain point is to come perilously near the standards which he himself represented. Just where this point is it is difficult to say but it must surely have been passed by now. The fact that he happens to have escaped is regrettable because such things ought not to happen, and because it feels wrong that a man who once abused power should enjoy a sort of triumph over the power to which he was subject, but it is simply not important enough to be allowed to come between two governments and two nations which badly need to cooperate.

The point of keeping alive memories of the crimes which were committed by Herr Kappler and his like during the war is to show proper respect for the dead and proper awareness of the lessons which they can still teach us today. Neither of these functions requires that Herr Kappler himself remain in prison. They require far more that Europe should harness its tragic memories to the task of redemption. This means that modern Europeans should develop the qualities of humanity which the Nazis lacked and overcome the national antagonisms which they exploited. To squabble over Herr Kappler is to revive a sort of parody of what he stood for.

A SINGER OF SOCIAL SIGNIFICANCE

The BBC broke into its evening programme schedule to announce the death of Elvis Presley, an honour usually accorded only to leading world statesmen. Yet it was not inappropriate. While Presley himself was an indifferent singer and musician, performing for the most part mediocre songs, a poor actor and, it seems, a totally uninteresting person, the phenomenon which he became was of considerable social significance. Although his own supremacy lasted only a few years, from 1956 to the end of that decade, that period saw an irrevocable change in the balance of American society for which, if he was not entirely responsible, he was the dominant figure. Presley gave to the young, the under twentys, a sense of separate identity which they had not had before, but which has since become one of society's most potent forces all over the world. He was the

catalyst of the still unabated youth revolution.

He was responsible, more than any other entertainer, for the manifestation of what has since come to be called the generation gap: a youth which spoke its own language, had its own heroes, its own music and its own standards and which cared little for those of their parents' generation. The difference between the fifteen-year-old and a thirty-year-old was no longer merely one of age and experience. The two belonged, in a very real sense, to different cultures, mutually incomprehensible and suspicious. The teenager came into his own, as a separate group of society and as a new and recognizable social and parental problem.

More important perhaps than the Presley generation's new-found emotional capacity to cock a snook at their parents' beliefs and traditions was the fact that they had the money with which

to assert that independence. The young working-class of the United States created a new and highly lucrative market not just for the record and music industries but for clothes and the innumerable other accessories by which the young wished to distinguish themselves from the older generation. The purchasing power of the sub-ventures was recognized and exploited, and that enhanced their independence.

Presley's music, unlike most of its predecessors in the popular field, was classless and not aimed at a particular racial group. "Rock 'n' roll" truly became the music of all American youth. Presley was not strictly the first to sing it, nor was he the best, but his influence was unquestionably pre-eminent. The results of the upheaval which he presided over are with us to this day.

LONG LIVE THE MINISTERIAL SONNET!

Continuities between the new China and the old are always reassuring. Given the age and singularity of Chinese civilization they are also inevitable, however much Chairman Mao believed in his often reiterated opinion that before building the new it was first necessary to destroy the old. One tradition that should reinforce the beneficent view of China is the practice of those arts in which it was deemed praiseworthy that the ruling classes should excel. These arts were poetry, calligraphy and painting, commonly combined, of course, on one scroll.

The tradition is one that seems to survive happily in a revolutionary China, partly, perhaps, because we forget how much wedded to tradition China as a country always has been; partly, also, from a sense of the unity given to the country in the past by this tradition. When all members of the educated classes sought to win status by entering for the examinations in the classics that were a necessary passport to public service it meant that a common culture was universal throughout the land

among those who won places of distinction or among those who chose not to accept appointment in government. Thus the amateur poet, calligrapher and painter had every encouragement, since the Emperor himself was glad to win distinction in these arts, like all others.

That Chairman Mao should have followed in this tradition was not therefore surprising—what other model had he to follow as a passionate Chinese nationalist but the "good" Emperors of the past? His poetry is by now well known outside China. Within China his calligraphy is equally familiar from being used in the titles of most newspapers. No less understandably, his successors want to show that their link with traditional China can give them the same stamp of authenticity. In recent months the occasional poem by Chairman Hsu Kuo-feng has found its way into print. Since last month's Central Committee plenum the new leadership has been stabilized in the triumvirate formed with Marshal Yeh Chieh-ying and Mr Teng Hsiao-ning. It is only appropriate that Marshal Yeh, not merely the key figure of the trio but the senior by age

and past office—he will be eighty next year—should now step into the cultural limelight a little. Last week, *People's Daily* published in facsimile (for its calligraphy) a poem by Marshal Yeh written in 1963.

The matter is proper to Marshal Yeh's military career. "On reading 'On Protracted War' again" recalls Mao's strategy of that title, written in 1938 at the time of the Sino-Japanese war, in which he set forth his view that man's conscious activity is nowhere more distinctively displayed than in warfare. Marshal Yeh's poem, in a traditional eight-verse form of seven character-verse, would have expressed his loyalty for China's late leader. In the New China News Agency's English the quality of the original gets lost as in: "Millions of people are encroaching on us. This difficult situation causes people in China to worry." Will Mr Teng Hsiao-ning follow suit? Perhaps his reputation as an efficient administrator suggests other talents. A crisp Churchillian minute on proposals put to him by a senior civil servant could also be admired for its vigorous brushstrokes.

Future of the Ogaden

From the *Ambassador of the Somali Democratic Republic*. Sir, Your editorial entitled "The Ordeal of the Ogaden" (August 16) is as commendable as it is bold in suggesting that the Ogaden (a euphemism for Western Somalia) be given some form of "independent status". While I am hopeful that it will generate debate and discussion, I hasten to add that I do not regard your suggested solution as necessarily the only possible one—imagine that the Ogaden is a proper solution could only come from the freely expressed will of the people of the area.

There are two other points in the editorial on which I should like to comment. First, Somalia (if by that is meant the Somali Democratic Republic) has neither adjusted a boundary nor has it annexed a province. The fact of the matter is that the Western Somalia Liberation Front is fighting a war of liberation against their Ethiopian colonizers. The role of Somalia is one of extending the Liberation Front the kind of moral and material support which we have traditionally extended to other liberation movements in Africa.

Secondly, the OAU's resolution concerning the boundaries of decolonization cannot apply to Ethiopia's "resting de facto frontiers" for the simple reason that the fact as such, accept the principle of self-determination for her colonial possessions. It is a matter of indisputable historical record that in the last two decades of the 19th century, biopics, then known as Abyssinia, as a party to the partitioning of small territory in collaboration with Britain, France and Italy—to nothing of her recent annexation of Eritrea. Those three European powers having now completed

the decolonization of territories which they had held with the recent withdrawal of France from Djibouti, it is only just and fair that Ethiopia must follow suit. Neither her geographical proximity to Somali territory nor the colour of the skin of her people should be allowed to blur an otherwise straightforward decolonization issue. To do so would be to distort colonialism into a phenomenon solely identifiable by the accident of geography or the pigmentation of the skin.

Yours sincerely,
AHMED MOHAMED ADAN,
Ambassador,
Embassy of the Somali Democratic Republic,
60 Portland Place, W1.

Enthusiasm for royalty

From Mr. Tim Smith, MP for Ashfield (Conservative). Sir, "Excessive public adulation of the Queen is... constitutionally regressive". According to Mr Raymond Fletcher (August 15), he makes no attempt to analyse why the Queen received such a tumultuous welcome, particularly in areas like Ilkeston and Ashfield. Why did more than 250 street parties take place in Ashfield? Why did thousands journey to Mansfield to witness the Queen's arrival? Why did the Queen? It was both the person and the institution for which people wished to show their respect and their loyalty.

They compare the person with the politicians. Mr Fletcher and myself among them. No wonder, perhaps, for "most of them would like her" to govern, for they see in the person of the Queen qualities they would dearly love to see in their politicians. As to the institution, the people

have manifested a popular conservatism which no Socialist will ever destroy. It was Disraeli's view that a country is not an abstract being whose rights can be deduced by a plain mental process. That nation is a work of art, and a work wrought by time, that it has a temperament like that of an individual, that the greatness of a nation is sprung, not from its natural resources, but from its institutions. Perhaps he should have added its people.

A century has not changed this concept of popular conservatism. But in no way does it imply a mass yearning to go backwards. Rather it constitutes the very stability whose existence Mr Fletcher denies and with which change can go forward. Yours faithfully,
TIM SMITH,
Ashfield,
House of Commons.

Alfred Lunt memorial

From Mrs. Leon Quartermaine. Sir, I hope the London theatre world is going to arrange a service or thanksgiving for the life and work of Alfred Lunt, who died on August 3? Thanks not only for the delight that his dazzling talent and charm gave to so many of us when he acted over here, but also for leaving the safety and comfort of New York during the war to come over and act in bombed London, to help boost our morale.

Surely he deserves a last tribute from us. Yours truly,
BARBARA QUARTERMAINE,
Coopers,
Combe Bissert,
Salisbury,
Wiltshire.

Elected assembly for Europe

From Lord Boothby

Sir, As a founder member of the United Europe Committee formed by Churchill and De Gaulle in 1947, and of the European Movement to which it gave rise, and a Member of the Consultative Assembly of the Council of Europe at Strasbourg from 1949 until 1957, may I say that I am in complete agreement with what Mr Nigel Speerling says in his letter today (August 15).

The strength of the Council of Europe in those early years—and it had strength—lay simply and solely in the fact that all its members were also members of their national Parliaments. And the strength and authority which then gave added weight and authority to its deliberations and conclusions. Let me give only a few names by way of illustration. Churchill, Macmillan, De Gaulle, Delors, Robins, Gordon-Walker, Croxall and Layton from this country; Reynaud, Daladier, Gerstmaier, Carlo Schmid, de Valera and Spaak from others. Apart from anything else, it was an invaluable meeting ground for European Members of Parliament.

In 1949-51 the European tide was at the flood, with every country begging for our leadership. We did not make the mistake, as the French did, of turning everything down. The Coal and Steel Community, the European Defence Community, the Strasbourg Plan for economic union, passed unanimously by the Assembly which might have been a viable international monetary system, the absence of which still plagues us. "Association" was as far as Eden would go on anything.

Then Spaak resigned the Presidency of the Assembly in despair and with Jean Monnet, set about the formation of the Six into what became known as the Common Market. I besought him not to do it. I said there was still hope from Britain. He said there was none. And he was right. He had the support of Robert Schuman, Adenauer and de Gasperi. We did not even send a delegate to the conference at Messina and Brussels which drafted the Treaty of Rome. So we had no hand in what eventually we felt obliged to sign, and were left stranded on a barren beach.

When he was Deputy Commander of the Nato forces in Europe, Field Marshal Lord Montgomery said: "The strategic centre of the battle for world peace is Western Europe. We must be able to hold the post here. The battle, before the nation of the West is primarily political. Economic fusion and military strength will not be obtained until the political association between the group of nations concerned has first been defined." This is the battle we are losing, and failing to achieve at Strasbourg. What we never envisaged was a vast and costly bureaucracy in Brussels, at Civil Service level, who would spend most of their days and nights quarrelling.

I believe that a European Assembly, directly elected by any means, but separated from the National Parliaments, would be fatal to the cause of a United Europe. Can anyone imagine the National Parliaments of democratic Europe taking any notice of, still less orders from, such a body? It is inconceivable. In 1949 I travelled alone with Churchill from Italy to Strasbourg for the first meeting of the Council of Europe. He said: "We are not making a machine, we are growing a living plant." Then, changing the metaphor, he added: "We have lit a fire which will either blaze or go out. Or perhaps the embers will die down and then, after a while, begin to glow again." If we now set up an elected European Assembly, independent of the others and therefore impotent, the fire will go out. Your obedient servant,
BOOTHBY,
House of Lords,
August 15.

Events in Angola

From Mr W. A. Warrington. Sir, I write to express extreme surprise and indeed anger at the letter in your columns today (August 9) from Lord Chalfont. (August 9) from Lord Chalfont. As well as aware as your correspondent will be of the page about abusing the other fellow's account, but I am sure that you have not read his original article and Basil Davidson's letter may not take that point.

I have never met Mr Davidson, but as a long student of his (for decades longer than Lord Chalfont), and some years less than Mr Davidson) I have read many of his writings, have disagreed with much of them and have sometimes doubted his immense personal knowledge of Angola and much of Central and Southern Africa, his part in informing the English-speaking world about the good and the bad aspects of Portuguese colonialism, and his influence in the transition to independence of several countries. His contributions will be remembered long after Lord Chalfont's inspired strategic forays into African affairs have attained the status of dusty entries in *The Times* Index.

Yours faithfully,
ALLAN WARRINGTON,
614 Bramhall Lane South,
Bramhall,
Stockport,
Cheshire,
August 9.

The Carter family tree

From Mr Nicholas Hunter. Sir, I must admit to being unimpressed by Debre's linkage of President Carter to an area in Hertfordshire, George Washington and inevitably the Queen. Detailed genealogical research will always produce the results required by and acceptable to the customer, and similar to statistics will show what is expected of them. After all, we are sprung from the same acorn. Yours faithfully,
NICHOLAS HUNTER,
The Old Farmhouse,
Winzor,
Nr Cadnam,
Hampshire,
August 11.

The right to march in a democracy

From Mr O'Neil Whitley

Sir, What would be wrong with a system whereby:

1. The laudable desire of the Home Secretary and the police to maintain peace and order, march, demonstrate, would be continued; but

2. Any application or declaration of intent to do these things at the same place and on the same day as one already made and authorized would be disallowed unless common sense indicated that there was no connexion between them; and

3. Any demonstration thus prevented from achieving its first intent would be free to do it there but not then, or then but not there? Would this not be conducive to democratic rights, which all profess to serve, and to peace, which most desire? As a bonus it would become more difficult to profess one thing and mean another.

Yours faithfully,
OLIVER WHITLEY,
Greenacre,
Ganavan Road,
Oban,
Argyll,
August 14.

From Mr Anthony Cripps, QC

Sir, I am not suggesting of anything the least to stop these violent demonstrations—misconceived? There is plenty of law already to achieve this—against causing actual or grievous bodily harm, against criminal damage, against theft, and against obstruction or conduct likely to cause a breach of the peace.

The problem is one of enforcing the law not of making new law, equally likely to be disobeyed.

The first step to improve matters—and one due now in all fairness—is to recognise the increased burden on the police and to improve substantially their pay and conditions of work. No new law is needed for this, and now is the psychological moment to remove their grievances and to reward their devotion to duty.

If new law is contemplated for the benefit of the public, time would be much better spent on devising some relief from the constant strikes in nationalised corporations responsible for air and land transport and for postal services. These strikes are undoubtedly the most unwelcome form of public nuisance should be recognized as such, and punishable (after failure to obey a Court Order in an appropriate case) by fine or imprisonment as are other public nuisances such as causing excess noise or smell.

Of course the right of anyone to withdraw his labour at any time must not be prejudiced, but the result of doing so in concert with others in such a way as to cause serious inconvenience intentionally to the public or travelling public should not be less disadvantageous than making any noise or smell.

That it might be wise to tackle this problem soon appears from envisaging a general postal strike—no rates or taxes paid nor any bills except local ones! I am, Sir, etc.,
ANTHONY CRIPPS,
Alton House,
Fairbridge,
East Grinstead,
Sussex,
August 16.

Think Tank report

From the Chairman of Lloyds Bank International

Sir, I warmly endorse the support given by previous correspondents to Mr W. M. Clarke's letter (August 9) about the Berill report and our business in the world. To add further conviction, is there still room in your columns for an account of how this international bank benefits from the Diplomatic Service? We do not expect Diplomatic Service officers to be experts in technicalities of international finance, though it is useful when they are. What we do require from them, apart from protection when needed for our large foreign-based staffs all over the world, is the best possible help in assessing the vital environment of economics, politics and outstanding personalities in the countries where our work takes us. Much of our business is with countries where we have no resident representatives and there we have learnt, as the Berill report apparently did not, that no amount of carpet-bugging by the field staffs (if they can) can provide intimate knowledge of, and feel for, a situation or the ability to open doors and offer useful introductions, which come from long residence.

Since our business is as highly competitive as that of industry, the diplomatic staff on whose advice we rely need to be competitive too. However good they are, they will have constant access to the relatively few, but often remarkable top people who are powerful and in the know, unless they can at least demonstrate a reasonable knowledge of the style, and this is not merely a matter of "entertaining". The Berill suggestion of extravagance is today totally unjustified—the mileage in candle and economies is trivial and the savings proposed in money and manpower are at best marginal.

The truth is that, although many of the details contained in Annex D may well be admirably sound, so many of the really important recommendations inevitably reflect the Berill team's fallacious view of Britain's so-called decline. Our relatively diminished economic and military strength, we are told, has weakened our ability to wield influence. But why then should we deliberately cripple the services which are needed more than ever to exploit the much that remains and to nurture all else that the Central Policy Review Staff in their wisdom ignore: our technology, financial skills and culture, not to mention the long matured goodwill we still enjoy all over the world?

over 264,000 people. It is a borough complete with its mayor and elected councillors, and surely if democracy means anything worthwhile then that council should have the ultimate say in whether or not political marches or any other form of mass demonstration be allowed to use its streets. They are the elected representatives of the people most closely involved, not the Police Commissioner nor the Home Secretary, and should have paramount authority on such matters.

Yours sincerely,
J. J. WILLIAMSON,
Clyvean,
Mount Carbis Road,
Redruth,
Cornwall,
August 15.

From Mr Geoffrey Parker

Sir, It seems to be taken for granted that freedom to "march", like freedom to strike, is part of the democratic process. The freedom which democracy requires is freedom to put reasoned arguments which people can consider carefully and at leisure. This has nothing to do with marching and demonstrating which, in practice, if they mean anything at all, mean intimidation.

Yours faithfully,
GEOFFREY PARKER,
5 Hove Court,
Raymond Road,
Wimbledon, SW19,
August 15.

From Mr Oscar Campos

Sir, Why must the media refer to those who oppose the National Front as left winners? Is this an implied indictment of the painful alliance of the moderate?

Yours faithfully,
OSCAR CAMPOS,
55 Hazlewell Road,
Putney, SW15,
August 16.

From the Reverend Neil Dawson

Sir, Hearing members of the National Front and the Socialist Workers' Party talking of freedom, the remarks are hardly of the Devil's own kind.

Yours faithfully,
NEIL DAWSON,
54A Chardon Drive, SW15.

From the Reverend Canon G. A. C. Grice-Hutchinson

Sir, May I add a historical footnote? Some 40 years ago, when I was a young man working in Birmingham, we were threatened with the precisely similar situation of a march through Long Lane, the narrow and crowded street now largely rebuilt connecting South-west and Birmingham. Representations availed nothing. In desperation I wrote to *The Times* pointing out the inevitability of serious trouble and later, after that, we were known to be bricks by the ton and milk bottles by the thousand on the bordering roofs ready as ammunition.

You published the letter, Sir, in those more spacious days when columns were not being summoned to Scotland Yard. The high official who received me listened at length to my case. No promises were made. But at the last hour the march was rerouted leaving the bricks and the bottles safely high and dry. I hope, Sir, that changed circumstances are the reason for the recent trouble and that it is not merely that Scotland Yard today does not read *The Times*.

Yours sincerely,
GEORGE GRICE-HUTCHINSON,
The Vicarage,
Seahouses,
Northumberland,
August 15.

Press Council ruling

From Mr P. A. H. O'Donovan. Sir, It appears that "laughing follies out of countenance" is no longer fair sport; or, more strictly, falls to be considered sport of an "unpleasant and pretentious" nature.

Your report of the Press Council adjudication concerning two of Alan Coren's pseudonymous articles in *Punch* describes fully carried to the lengths of absurdity.

Has it come to this, that authors of humorous or satirical pieces must ensure that their writings are in good taste, acceptable to everyone the length and breadth of the country and (apparently) the crust of the argument, and certainly of the complaint) not hold up to ridicule and contempt those public figures and their families who are "kindly disposed towards Britain"?

It is difficult to see what was laughable about Coren's parodying of religious fervour in *The Alchemist* or O'Keefe's portrayal of Quakers in *Will Oats*. How would the Press Council react to Sterne's treatment of France in *A Sentimental Journey* (written in a time of warlike preparation) or Donne's reference to Italianate sexual ambivalence ("the indifferent Italian")? Pope's utterances would probably be no further than a wrinkle in his eye; unpleasant and pretentious?—perhaps, but enjoyable.

Humour is amusing and may be cutting. Surely any amusement, but by definition, bite and in so doing may hurt. The Press Council reached the right decision. It was their obiter dicta that must cause concern.

Yours faithfully,
PATRICK O'DONOVAN,
43 Grange Road,
Bishop's Cleeve,
Hertfordshire.

The spread of kissing

From Mrs Wendy Evans. Sir, I, too, have been aware of the increase of public kissing. I suspect that I am older than Mrs Gardam (Letters, August 13), and I believe that the increase has more to do with age than with current fashion. I have not observed my children and their friends kissing in public. It may, of course, be that we become more loveable; it may be that we become more self. Or it may be that we are aware that time is short.

"The grave's a fine and private place
But none, I think, do there embrace."

Yours sincerely,
WENDY EVANS,
Bowmans,
Coxcombe Lane,
Chiddingfold,
Surrey.

THE TIMES

BUSINESS NEWS

The unemployed
in search
of a policy,
page 17

Whitehall intervention blamed in critical report on collapse of Upper Clyde

Peter Hill, industrial Correspondent, reports on the collapse of the Upper Clyde Shipbuilders, the group which collapsed six years ago, a report now being prepared by Sir David Pugh, the Secretary of State for Industry. The report, prepared by Professor David Flint, Professor of Economics at Glasgow University, is expected to be published in the next few days. It is the second attempt by the Government to investigate the collapse of the Upper Clyde Shipbuilders, the first being a report by Sir David Pugh in 1971 which was largely ignored.



Mr Robert Smith, UCS Liquidator, expects Ombudsman's report next month.

Mr Robert Smith, UCS Liquidator, expects Ombudsman's report next month. In the report, which was completed and handed to Mr Smith earlier this year, Professor Flint said that the circumstances and consequences of the intervention by the Ministry of Technology in March and June, 1969, were "potentially damaging to the authority, independence, and effectiveness of management in a difficult financial and industrial situation". As a consequence, the intervention and the action which followed from it provided grounds for a complaint of maladministration. The decision of the Department of Trade and Industry, he continued, to withhold shipbuilding guarantees in October, 1970, appeared to have been taken "without regard to the comprehension of all the consequences".

Unilever and UDT profit up but fall by Woolworths

By Our Financial Staff. Increased profits were reported yesterday by Unilever, the Anglo-Dutch fats to detergents group, and United Dominions Trust, Britain's largest hire purchase concern. But a disappointing downturn was announced by F. W. Woolworths, the stores group. Profits of Unilever surpassed stock market expectations in the second quarter of the year, making up for a poor showing in the first three months. Sales were 2 per cent up at £102m compared with the figure a year earlier but the second quarter showed an increase of 7 per cent over the corresponding three months. Sales were 14 per cent higher at £25.6m in the second quarter and the company said that there was an increase of about 3 per cent in turnover volume. UDT reported a marked improvement in its fortunes with pre-tax profits rising from £4.1m to £12.2m in the year to the end of June. The group, which is still being heavily supported by the Bank of England's "lifeline" operation after its deep commitment to property lending in the early 1970s, attributed the upturn partly to the benefits of last September's funding operation by its two main shareholders, Prudential Assurance and Eagle Star. Other contributing factors were the upturn in its new instalment credit business and the improvement in its property lending side. The group has, however, decided to make £1m in provisions on three of its ventures in Australia, Europe and South Africa. The shares, nevertheless, dropped 3p to 35p. F. W. Woolworths' results were a disappointment to the stock market, showing a 10 per cent fall in interim pre-tax profits to £10.9m. The shares gave up 11p to close at 55p. The group attributed the poor figures to low consumer spending and a decline in the rate of erosion of trading profit margins, particularly in clothing, in the second three months of the year. The results were further depressed by the group's decision to provide depreciation of around £1m on freehold buildings and long leaseholds in line with the new international accounting standard. Financial Editor, page 17.

Wider terms of reference likely for bank charges investigation

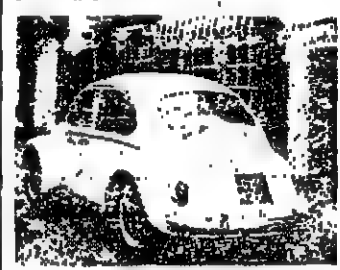
By Ronald Pullen, Banking Correspondent. Terms of reference for the Price Commission's proposed investigation of bank charges are likely to be widened significantly to encompass the spread between deposit and lending rates and possibly also the far wider issue of the whole basis of banks' profitability. Under the present proposals the reference is restricted to the charges made by banks for the transmission of money and other services, such as exchequer and treasury bills. It is thought, however, that the Price Commission is unhappy with such narrow terms of reference since they will not provide it with a satisfactory basis for carrying out any investigation. Specifically, the commission is worried that unless it looks at the implications of the cross-

subsidisation of current accounts its findings will merely confirm the banks' contention that existing charges are uneconomic. This may further provide the banks with ammunition for a larger increase than perhaps they would have been willing to make. Failing any formal redrafting of the terms of reference, the powers of the Price Commission are in fact drawn wide enough to provide it with the scope to pronounce on any aspect of a reference that it considers relevant. It is likely that the new-look commission, under Mr Charles Williams, a former merchant banker, will interpret these powers as liberally as possible. Meanwhile, the clearing banks suspect that one of the reasons why they were singled out for investigation is that steep increases in the bank

charges to the nationalized industries have been set in motion. In fact, these applications are still at the discussion stage and have not yet reached the Price Commission, which has to be notified. But it is understood that electricity, gas and the Post Office have been asked for increases of up to 250 per cent. Because of the price freeze of the early 1970s, the level of bank charges to the nationalized industries is still based on agreements made in 1971 and earlier. Some of these agreements make no allowance for the level of balances held by the nationalized industries in their current accounts. Over the past few years, nationalized industries have run down the amount of money kept in these accounts, so increasing the real level of losses to the banks.

Fatherland's farewell after 19.2m 'beetles'

Volkswagenwerk AG will cease production of its "beetle" saloon car in West Germany from the beginning of next year. But the car, of which 19.2 million have been produced to date, will still be manufactured abroad. Altogether 1,000 vehicles a day will roll off production lines in Brazil, Mexico, South Africa and Nigeria, according to a spokesman at VW's Wolfsburg headquarters. The "beetle" was for many years Europe's most popular car with production since it first appeared in 1936 exceeding that of Henry Ford's Model T. In 1972 VW broke through the 15 million record held by the Model T, but since then its popularity has waned, along with VW's fortunes, which were tied so closely to the car. Over the past few years, Volkswagen has been progressively running down its "beetle" production in Germany so that only 100 cars a day are at present produced at the group's Emden works. A further 50 to 60 "convertible" models are produced daily by the privately-owned Karmann car body company in Osnabrück and production there will continue after VW has shut down its saloon output. Although the "beetle" will no longer be produced in Europe, it will continue to be on sale in some countries. Customers in West Germany, Austria, Italy and Belgium will still be offered models made by VW's Mexican subsidiary. "Beetle" saloons will no longer be sold in the United States or in Britain, because of the high cost of converting the Mexican-built cars for driving on the left hand side of the road. VW's overseas production will be further strengthened next spring when an assembly plant is to be set up in America with a projected annual output of 200,000 Rabbits (Golf) models a year. Assembly of this model at New Stanton, Pennsylvania, will not endanger the Emden plant, which at the moment produces the range for export to the United States because other models are due to be switched there. The company last month announced a sustained recovery from the slump of the early 1970s, with world wide sales of Volkswagen and Audi cars up by 11.1 per cent to 1,225,000 units in the first six months of this year. The company expects an overall sales increase for the year of 9.6 per cent. Peter Norman



Australia puts 90-day ban on RTZ coal bid

By Desmond Quigley. Conzinc Rionda of Australia's joint ANSIR (about £53m) bid with Howard Smith Industries for Coal and Allied Industries has been temporarily frozen by the Australian authorities because the United Kingdom mining finance house Rio Tinto-Zinc has a 72.5 per cent stake in CRA. Mr Phillip Lynch, the Australian Treasurer, announced that he was making the ban effective for 90 days under the Foreign Takeovers Act, which will enable the Foreign Investment Review Board to investigate the proposed takeover. Australian sources in London suggested yesterday that the temporary freeze had been ordered because of the recent heavy activity by foreign companies in Australia's coal industry rather than out of any anti-British sentiments. Both Shell and BP have recently moved into the industry and only this week it was announced that Esso had taken a 25 per cent stake in the huge Hall Creek project. Ironically, Esso became involved because CRA had dropped out although it still has an effective 22.5 per cent interest in the venture.

£20m orders soon for PO equipment

By Malcolm Brown. Within 10 days the Post Office is expected to give out nearly £20m worth of contracts for the next stage of development of the so-called System X, the new generation of all electronic exchange and transmission equipment. The big three telecommunications equipment companies: Plessey, GEC and Standard Telephones and Cables are expected to be the main beneficiaries. It is understood that three main types of equipment will be ordered: telephone exchange switching equipment, the computers necessary to control the exchanges, and transmission equipment. The switching order will go to Plessey, the computers to GEC and the transmission equipment contract to Standard Telephones and Cables. The corporation's intention is to explore how the design work done to date can be translated into hardware and then to link that into the system for detailed testing purposes. Rapid introduction of System X was one of the principal recommendations of the Carter committee report on the Post Office, published last month. Successful testing of System X hardware in the existing network is likely to lead to big orders for production runs of equipment. Unions in the telecommunications industry had been pressing for early orders to avoid large-scale redundancies. They had criticized the decision to reduce the Post Office's spending on exchange equipment, announced last November, which could cost the industry 15,000 fewer jobs. Plessey, one of the leaders in the industry, announced 4,000 redundancies in March, but a report by Mr Michael Posner, a Cambridge economist, which had been commissioned by the Government, broadly endorsed the ordering cuts.

Price watch French steel groups

French steel groups which received state aid loans are subjected to economic financial control by the Government, according to M. Philippe Lecoq, the President of the French steel industry. In a further attempt to get its pay guidelines strictly adhered to, the Government laid slight threats to withhold export credit guarantees from companies which agree pay deals that breach the policy. The Treasury announcement was couched in rather vague terms: "Compliance with pay policy will be regarded as a material factor when considering applications for credit support". But the meaning was clear, coming in the middle of the Government's campaign to get the 10 per cent guideline and 12-month rule accepted by the unions. The statement said that the Government's earlier pronouncement—that companies going outside the policy may not receive industrial assistance—would include the availability of export credits. The Government's intention is that sanctions should be used only against companies applying for assistance under section 2 of the Export Guarantees Act, 1975. This accounts for about 10 per cent of all business done by the Export Credits Guarantee Department when help is given to companies to gain contracts which cannot be justified on a purely commercial basis, but are considered in the national interest. The Companies affected would be those dealing mainly with countries in the Middle East, Latin America and other parts of the Third World. The statement said that the Government's earlier pronouncement—that companies going outside the policy may not receive industrial assistance—would include the availability of export credits. The Government's intention is that sanctions should be used only against companies applying for assistance under section 2 of the Export Guarantees Act, 1975. This accounts for about 10 per cent of all business done by the Export Credits Guarantee Department when help is given to companies to gain contracts which cannot be justified on a purely commercial basis, but are considered in the national interest. The Companies affected would be those dealing mainly with countries in the Middle East, Latin America and other parts of the Third World. The statement said that the Government's earlier pronouncement—that companies going outside the policy may not receive industrial assistance—would include the availability of export credits. The Government's intention is that sanctions should be used only against companies applying for assistance under section 2 of the Export Guarantees Act, 1975. This accounts for about 10 per cent of all business done by the Export Credits Guarantee Department when help is given to companies to gain contracts which cannot be justified on a purely commercial basis, but are considered in the national interest. The Companies affected would be those dealing mainly with countries in the Middle East, Latin America and other parts of the Third World.

Pay breaches may cost export credit backing

By David Falcon. In a further attempt to get its pay guidelines strictly adhered to, the Government laid slight threats to withhold export credit guarantees from companies which agree pay deals that breach the policy. The Treasury announcement was couched in rather vague terms: "Compliance with pay policy will be regarded as a material factor when considering applications for credit support". But the meaning was clear, coming in the middle of the Government's campaign to get the 10 per cent guideline and 12-month rule accepted by the unions. The statement said that the Government's earlier pronouncement—that companies going outside the policy may not receive industrial assistance—would include the availability of export credits. The Government's intention is that sanctions should be used only against companies applying for assistance under section 2 of the Export Guarantees Act, 1975. This accounts for about 10 per cent of all business done by the Export Credits Guarantee Department when help is given to companies to gain contracts which cannot be justified on a purely commercial basis, but are considered in the national interest. The Companies affected would be those dealing mainly with countries in the Middle East, Latin America and other parts of the Third World. The statement said that the Government's earlier pronouncement—that companies going outside the policy may not receive industrial assistance—would include the availability of export credits. The Government's intention is that sanctions should be used only against companies applying for assistance under section 2 of the Export Guarantees Act, 1975. This accounts for about 10 per cent of all business done by the Export Credits Guarantee Department when help is given to companies to gain contracts which cannot be justified on a purely commercial basis, but are considered in the national interest. The Companies affected would be those dealing mainly with countries in the Middle East, Latin America and other parts of the Third World.

Production of Leyland's Princess, MG and Spitfire ranges is at a standstill with nearly 3,500 workers laid off at Cowley, Abingdon, Bordon, Green, Coventry and Swindon. The shortage of starter motors is the most pressing problem. From today Allegros will be driven from the assembly line at Longbridge to holding areas in the factory, where their starter motors will be removed to enable more cars to be shifted. Chrysler Alpine stopped: About 200 workers have been laid off at Chrysler in Coventry and production of the Alpine model is at a standstill following the suspension of a small number of body handlers who refused to re-route car bodies.

Lucas stoppage forcing Leyland to stockpile cars

By Clifford Webb. Leyland Cars' biggest plant, Longbridge, with more than 25,000 workers, will begin to stockpile incomplete cars today because of the effects of the seven-week strike at Lucas component plants. Prospects for other motor manufacturers now look very gloomy with no move by either side to break the deadlock strike by 1,200 toolmakers. Shop stewards are meeting today and are due to report to a mass meeting tomorrow. But with no improved offer to return to work vote are slim. It is now a week since Lucas unsuccessfully offered the toolmakers an extra £1.50 towards their claim for a £5 a week increase in bonus payments.

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Pound weakens in Europe but still advances on dollar

By David Blake. Sterling lost ground against all major continental currencies yesterday, ending the day with its effective rate down 0.2 per cent to 62.1, erasing Tuesday's gain. Against the dollar, however, it advanced slightly to close at \$1.7410—up 7 points on the day. There was some initial selling by the Bank of England, but this quickly tapered off as it became clear there was no sustained demand for sterling from major continental centres. The dollar dropped sharply in early trading throughout Europe, reflecting selling orders placed overnight from New York. Late in the afternoon, however, it recovered some ground but closed lower against most major currencies. Shares fell: After a strong start in the first hour, share prices were hit by profit-taking and the FT index closed 5.1 lower at 485.3—a run-round of almost 10 points from its best level. But the prospect of still lower interest rates continued to help gilts, which closed with gains of up to five-eighths at the longer end and of half a point among shorter maturities. In early trading, equity dealers became excited at the prospect of the index topping 500 by lunch-time. But with profits being taken and jobbers happy to lower prices to attract stock, prices lost ground progressively during the morning session. Unilever's quarterly profits were above expectations but made little impact on the rest of the "blue chips".

BP favourite with US mutual fund investors

From Frank Vogt, Washington, Aug 17. The stock most favoured by American mutual funds in the second quarter of this year was British Petroleum and the stock apparently sold most heavily was International Business Machines. A survey of investment funds by Vickers Associates, of New York, said that new investments in BP shares totalled \$37.1m (about £21.1m), representing 3.1 million shares, after net sales totalling \$8m of BP shares by mutual funds in the first quarter. IBM total sales by mutual funds investors in the second quarter amounted to \$62.2m after disposals amounting to \$14m in the first quarter. But IBM continues to be the top investment holding of United States mutual funds.

Aid limits set for cooperatives

By Our Industrial Editor. Small loans from public funds to workers' cooperatives must go only to projects which have "a reasonable chance of success". This condition emerged from regulations published yesterday by the Department of Industry to take effect on October 1. Under the Industrial Common Ownership Act, the Government is empowered to make new grants and loans up to £250,000 over five years to assist suitable co-ownership and cooperative enterprises in manufacturing industry. It is proposed that a loan fund should be administered by the Industrial Common Ownership Finance and Applications for aid will be passed on by Whitehall. Regulations covering the state funds limit assistance to cooperative-style enterprises wholly or mainly engaged in manufacturing. The purpose of a loan has to be to assist with fixed and working capital requirements of an identified project with a reasonable chance of succeeding. Mr Varley, the Secretary of

State for Industry, is requiring that his approval must be given before any aid is granted above £7,500. Adequate security must be provided to ensure repayment of borrowings, while interest rates must not be lower than rates specified by Whitehall. Relevant trade unions must be consulted before a loan is offered. The Government gave its support to the Industrial Common Ownership Movement last year after the Bill's scope was widened to make producer co-operatives eligible for aid.

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How the markets moved

Rises	
Ass. Dairies	9p to 22p
Modern Egg	4p to 25p
Freedy A	3p to 28p
Geocham	8p to 24p
Falls	
Barclays Bank	6p to 27p
BP	12p to 24p
Cole R H	5p to 8p
Furness Withy	7p to 21p
Gallentamp	5p to 22p
Flint	5p to 20p
GKN	4p to 23p
ICL	8p to 22p
Lloyds Bank	3p to 44p
Alan Ship Canal	5p to 20p
Equities fell back.	
Gift-edged securities rose again.	
Dollar premium 88.25 per cent	
(effective rate 23.305 per cent).	
Sterling rose by seven points to	
\$1.7410. The effective exchange	
rate index was at 62.1.	
On other pages	
Business appointments	18

THE POUND

Bank	Bank
Australia 1.63	1.58
Austria 20.25	20.25
Belgium 61.75	61.75
Canada 1.91	1.86
Denmark 10.80	10.80
Finland 2.23	2.23
France 8.52	8.52
Germany 4.81	4.81
Italy 136.00	136.00
Japan 390.00	390.00
Netherlands 4.43	4.43
Norway 9.46	9.46
Portugal 20.00	20.00
S Africa 1.89	1.77
Spain 119.00	119.00
Sweden 7.25	7.25
Switzerland 1.730	1.730
US 1.730	1.730
Yugoslavia 24.00	24.00

On other pages

Business appointments	18	Bank Rate Table	20	Unilever	18
Appointments vacant	18	Interest Statements	20	F. W. Woolworth	17

VILSON (CONNOLLY) HOLDINGS LIMITED

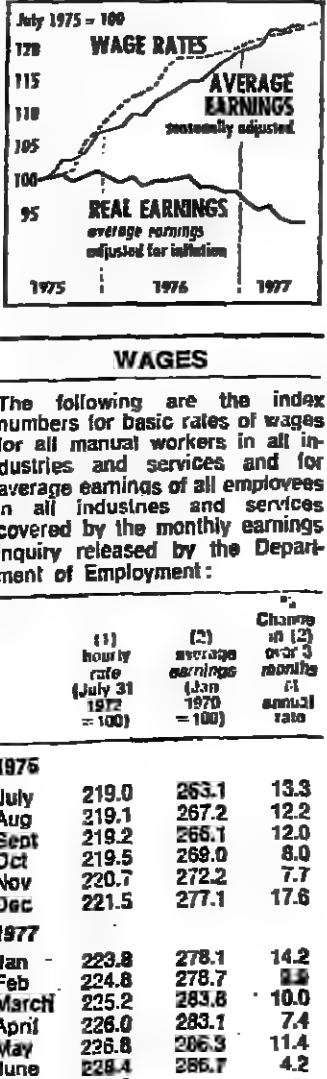
(Incorporated in England under the Companies Act 1948)

Issue of 497,977 10½ per cent Cumulative Second Preference Shares of £1 each

The Council of The Stock Exchange has granted a listing of the above-mentioned Preference Shares. Particulars of the shares attaching to them are available in the Exel Statistical vice and copies of the statistical card may be obtained during business hours on any weekday (Saturdays excepted) to and including 16th September, 1977, from:

Gresham Trust Limited,
Barrington House,
Gresham Street,
London EC2V 7HE.

18 August, 1977.



CORAH LIMITED

Results for the half year ended 2nd July, 1977

	1977	1976	1976
Half Year	Half Year	Year	
Sales	15,875,000	12,455,000	27,130,000
Profit Before Taxation	1,430,000	336,000	1,181,000
Provision for Corporation Tax	743,000	175,000	630,000
Profit After Taxation	687,000	161,000	551,000
Interim Dividend (pence per share):			
Net	0.30	0.30	1.00
Gross	1.212	0.462	1.54
Amount Absorbed by Dividend	235,000	88,000	294,000
Preference Dividend Paid	6,900	6,400	14,000

The Interim Dividend will be paid on 12 October 1977 to all Shareholders on the books of the Company on 9 September 1977.

Notes:

1. Corporation Tax for 1977 is stated at 32% (1976=32%).
2. These Results have not been audited.

STATEMENT BY THE CHAIRMAN

My colleagues and I are delighted to be able to announce a significant increase in both sales and profit for the first six months of 1977 compared with 1976, with a resultant increase in the Interim Dividend.

Production at all our factories is running at a much higher level compared with twelve months ago and our order book for the second half of the year is strong. Our progress is in line with our plans for controlled expansion.

The seasonal pattern of trading which, in the past, has resulted in higher sales in the Autumn, does not apply this year to the same extent, largely due to a more balanced product mix. We expect the second half of the year to yield at least a result similar to that declared for the first half, subject to retail demand being maintained.

G. N. CORAH,
Chairman

Wednesday, 17 August, 1977.

Congress report raises doubts on fulfilment of Carter economic goal

From Frank Vogel
US Economics Correspondent
Washington, Aug 17

Economists on the staff of Congress's Joint Economic Committee say in a new report that President Carter's goals for the economy in his first term in office are totally unrealistic.

Only a few weeks ago the Brookings Institution published a study that concluded that the President is most unlikely to achieve his aims. Mr Carter won many votes in last year's election by repeatedly stating that by 1981 he would balance the Federal budget and sharply cut the rates of inflation and unemployment.

The new congressional report warns that the Administration might be able to achieve its employment and budget goals only by insisting upon a major expansion of the money supply, which could have inflationary effects. Radical steps may be needed to redirect the current conservative course of Federal Reserve Board policies, it says.

Mr Carter's specific targets for 1981 involve a reduction in the unemployment rate to 4.1 per cent from the present 6.9 per cent, inflation down to 4.3 per cent from more than 6.5 per cent today, and balance in the Federal budget at expenditure and revenue levels equal to no more than 21 per cent of gross national product.

The authors of the report, Mr Thomas Derburg and Mr Douglas Lee, have used an assortment of models, including the Wharton School's economic model, to test the possibilities of achieving these aims.

They conclude that on the basis of using just fiscal and monetary policies the rate of unemployment will probably have to go well above 7 per cent to produce the desired 4.3 per cent inflation rate in 1981.

To achieve the President's targets, real gnp must grow at an annual average rate of 5.3 per cent in the next four years and this implies an average rate of non-residential fixed investment growth of more than 10 per cent per year in real terms for five straight years.

Such a rate was achieved between 1961 and 1966 but only because of expansionary fiscal and monetary policies and because it took place after almost a full decade of sub-par capital formation.

The President's combination of economic targets is viewed as "plainly inconsistent" and, in a comment that has been voiced by other American economists, the report says that the macroeconomic portions of the Administration's anti-

inflation programme "are not powerful enough to change the overall picture significantly."

A combination of high interest rates and low stock market prices will keep the market value of business assets low relative to their replacement cost and this will prevent the rapid rise in fixed investment that is vital to the President's goals.

The report notes that the money supply must be expanded greatly if the balanced budget target is to be realized and the full employment question thus now cries for an answer. It is whether the Administration will attempt to put pressure on the monetary authorities in the interest of achieving its economic goals, or whether it will continue to permit the Fed to operate as a sovereign power, free to pursue its own aims.

Regardless of whether these are consistent with those of the Administration and the Congress, the report says that the Federal Reserve Board's policy of "prudent" growth of the money supply is "plainly inconsistent" and, in a comment that has been voiced by other American economists, the report says that the macroeconomic portions of the Administration's anti-

inflation programme "are not powerful enough to change the overall picture significantly."

Finished imports value up 24pc a year, new-style study shows

By Maurice Corina

A new-style analysis of Britain's imports, developed by the Department of Trade in conjunction with Customs and Excise with a view to improving the Treasury's economic forecasting model, discloses that over the past 10 years the value of imports of finished manufactures has risen at an annual rate of 4.4 per cent.

The all-importing finished manufactures at a rate seven times higher than 1967, and the volume is increasing by 13 per cent a year.

As a proportion of total imports, the value of finished manufactures has been growing in spite of the enormous rise in the value of oil.

The study shows that imports of consumer goods, such as cars, home appliances, furniture, records, photographic apparatus, watches, clocks, sewing machines, clothing and footwear have increased ninefold over the past decade at an average annual increase by value of 29 per cent.

Last year, cars and motor cycle imports accounted for 31 per cent of total imports of consumer goods.

The tendency for finished manufactures to become a bigger item of imports is regarded as important to the Treasury in forecasting trends.

Monthly balance-of-payments analysis is conventionally on a commodity basis. Whitehall has been attempting to devise new means of classifying imports so that it can relate results more closely to relevant aspects of domestic activity.

Imports of consumer goods, for example, are dependent on consumer spending, while imports of capital goods (such as North Sea installations and machinery), so often cited as distorting trade patterns, can be related to components of investment trends.

The classifications used by Whitehall relate to market sectors and represent a stage along the path to reclassification of British trade returns according to the internationally recommended Broad Economic Categories.

The BEC definitions of consumer and capital goods for overseas trade statistics purposes are wider than the end market use of goods devised for the new analysis.

Cammell workers meeting today after peace move

By R. W. Shakespeare

A meeting of all workers at the strikebound Cammell Laird shipyard at Birkenhead has been called for this morning by district officials of the Confederation of Shipbuilding and Engineering Unions.

The meeting will include not only the 80 strikers (members of the Boilermakers Union) who have been on strike for the past month but also more than 4,000 workers in other trades who have been laid off because of the dispute. It has brought all work in the yard to a standstill. Stagers walked out after the management dismissed four

men who, it claimed, had been absent from their jobs without permission. The strikers picketed all ships in the yard and prevented other workers from boarding them before the management stopped all work on July 18 and laid off the entire manual labour force.

Earlier this week senior company officials met the confederation's district representatives for a fresh round of talks at which the company put forward new proposals for a peace formula. So far the union officials have not disclosed whether they will be making any recommendation to today's mass meeting.

Germany delays economy boost until mid-September

From Peter Norman

Bonn, Aug 17

It now appears as if the West German Government is not planning specific action to stimulate the economy before the middle of September.

Dr Armin Grünewald, the deputy government spokesman, told a press conference in Bonn today that the Cabinet meeting arranged for August 31-32, 1977, will be devoted to the German press as being the crucial date for decisions—will be a meeting to "orientate" ministers on basic questions on the 1978 Federal budget. The final budgetary decisions, and by implication any specific

reflationary measures, are not likely before the Cabinet meeting set for September 14.

This generous time scale is probably a fair indication of the difficulties that the Government expects in securing approval for any measures that appear to favour industry from the left wings of the two coalition parties.

Despite the Government's attempts to distance itself from the present wave of speculation on possible reflationary action and Dr Grünewald's insistence that there is no need for rushed decisions, the issue continues to dominate public discussion in the Federal capital.

Union attack on whisky tariff barriers

Tariff barriers which forced the export of Scotch whisky in bulk rather than in bottles were costing the industry 10,000 jobs, a trade union leader said yesterday.

A union campaign, backed by MPs from major political parties, is to increase pressure on the Government to negotiate the tariffs, particularly those operated by Argentina, Brazil, the United States and Japan.

"Tariffs against bottled whisky mean that most traders export either malt or blended whisky in bulk," Mr Douglas MacDougall, chairman of the Scotch Whisky Combine Committee, said.

But the job-intensive side of the industry lay in the bottling, labelling, crating and transportation of the finished product.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

7% Sinking Fund Debentures due October 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on October 1, 1977 at the principal amount thereof \$1,666,000 principal amount of said Debentures bearing the following serial numbers:

DEBENTURES OF U.S. \$1,000 EACH

2610	2707	2708	7454	9490	11458	12131	13756	15477	16994	18228	18518	19	40518	40909	41109	47687
2620	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	22	40528	41019	41309	47837
2630	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	23	40538	41029	41319	47847
2640	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	24	40548	41039	41329	47857
2650	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	25	40558	41049	41339	47867
2660	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	26	40568	41059	41349	47877
2670	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	27	40578	41069	41359	47887
2680	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	28	40588	41079	41369	47897
2690	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	29	40598	41089	41379	47907
2700	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	30	40608	41099	41389	47917
2710	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	31	40618	41109	41399	47927
2720	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	32	40628	41119	41409	47937
2730	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	33	40638	41129	41419	47947
2740	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	34	40648	41139	41429	47957
2750	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	35	40658	41149	41439	47967
2760	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	36	40668	41159	41449	47977
2770	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	37	40678	41169	41459	47987
2780	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	38	40688	41179	41469	47997
2790	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	39	40698	41189	41479	48007
2800	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	40	40708	41199	41489	48017
2810	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	41	40718	41209	41499	48027
2820	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	42	40728	41219	41509	48037
2830	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	43	40738	41229	41519	48047
2840	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	44	40748	41239	41529	48057
2850	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	45	40758	41249	41539	48067
2860	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	46	40768	41259	41549	48077
2870	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	47	40778	41269	41559	48087
2880	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	48	40788	41279	41569	48097
2890	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	49	40798	41289	41579	48107
2900	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	50	40808	41299	41589	48117
2910	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	51	40818	41309	41599	48127
2920	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	52	40828	41319	41609	48137
2930	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	53	40838	41329	41619	48147
2940	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	54	40848	41339	41629	48157
2950	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	55	40858	41349	41639	48167
2960	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	56	40868	41359	41649	48177
2970	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	57	40878	41369	41659	48187
2980	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	58	40888	41379	41669	48197
2990	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	59	40898	41389	41679	48207
3000	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	60	40908	41399	41689	48217
3010	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	61	40918	41409	41699	48227
3020	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	62	40928	41419	41709	48237
3030	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	63	40938	41429	41719	48247
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3050	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	65	40958	41449	41739	48267
3060	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	66	40968	41459	41749	48277
3070	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	67	40978	41469	41759	48287
3080	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	68	40988	41479	41769	48297
3090	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	69	40998	41489	41779	48307
3100	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	70	41008	41499	41789	48317
3110	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	71	41018	41509	41799	48327
3120	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	72	41028	41519	41809	48337
3130	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	73	41038	41529	41819	48347
3140	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	74	41048	41539	41829	48357
3150	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	75	41058	41549	41839	48367
3160	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	76	41068	41559	41849	48377
3170	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	77	41078	41569	41859	48387
3180	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	78	41088	41579	41869	48397
3190	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	79	41098	41589	41879	48407
3200	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	80	41108	41599	41889	48417
3210	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	81	41118	41609	41899	48427
3220	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	82	41128	41619	41909	48437
3230	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	83	41138	41629	41919	48447
3240	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	84	41148	41639	41929	48457
3250	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	85	41158	41649	41939	48467
3260	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	86	41168	41659	41949	48477
3270	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	87	41178	41669	41959	48487
3280	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	88	41188	41679	41969	48497
3290	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	89	41198	41689	41979	48507
3300	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	90	41208	41699	41989	48517
3310	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	91	41218	41709	41999	48527
3320	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	92	41228	41719	42009	48537
3330	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	93	41238	41729	42019	48547
3340	3708	3709	7471	9491	11462	13171	14747	17447	19494	21288	21537	94	41248	41739	42029	48557
3350	3708	3709	7471	9491	11462	13171	14747	17447	19494							

FINANCIAL NEWS AND MARKET REPORTS

A testing year leaves Hollis Bros & ESA reorganized and in confident mood

By Tony May

Having returned to its old form over the year to March 31, in spite of the loss of one factory by fire and the closure of another, Hollis Bros & ESA faces the current year in fine shape. Mr G. S. Mitchell, who took over as chairman from Mr R. D. Guthrie, says in his first annual report that the group's reorganization, and investments made during the year have formed the basis for a sound future. Over the past year profits jumped 123 per cent to £2.2m.

He makes no direct forecast, however, because of the erratic

and very fluid state of the United Kingdom economy. In particular, the impact of fluctuating exchange rates on the overseas trading of this Hull-based timber importer and maker of educational equipment is stressed.

At the start of the year the group had no facilities for making tubular furniture, as the factory was lost in a fire the previous year. This furniture forms a large part of the local authority contracts, which are continuous and form one of the strengths of the ESA companies.

Manufacture of the furniture was switched to subcontractors for one year. Mr Mitchell says that "the conse-

quences of this disruption and unprofitable practices, although difficult to quantify, were significant".

Happily, the group moved into its new factory in June. It has the latest technology and is now building up both sales and production.

At the same time, Government education cutbacks were having a serious effect on the Kiofisher factory, and as there was no sign of an upswing in demand for the type of school furniture made there, the factory was closed. Losses amounting to £500,000 are shown in the accounts.

As a measure of both rationalization and diversification, the group then took over the

Neeta Tubular Furniture company, which gives the group a range of chairs with plastic seats, backs or shells. This is particularly important for the group's international business, which calls for large quantities of chairs.

The timber trade has also changed, with a shift of emphasis to smaller depot sites, including DIY shops. This policy has continued into the year and two more depots may result from current negotiations.

Exports have become increasingly important to the group and a further "realistic advance" is seen for the current year, over the £1.65m made from exports in 1976-77.

There was early excitement on the trading floor as the index threatened to breach the magic 500 mark before lunch.

In the first hour there was a continuation of Tuesday's strong investment interest and by 10 am the index was 4.6 ahead at 495.0.

But as the buying dried up the inevitable profit taking began to dominate and with jobbers only too happy to mark down to attract some stock the index closed 3.1 off at 483.3, a turnaround of nearly 10 points over the session.

In the gilt-edged market dealers said there was a good two-way trade at the higher levels after the continued strength of sterling had made for a firm opening.

With dealers speculating on another ALR cut short dates closed with gains of up to half a point with yield considerations not the least of their attractions. At the longer end of the range a similarly strong demand helped many stocks to end the day with gains of around five-eighths of a point.

On the leaders pitch second quarter profits from Unilever

was lowered 5p for a finish of 563p.

The feeling that lower interest rates might bring some stimulus to the building sector helped contracting issues to hold up better than most.

Here Taylor Woodrow ended 4p ahead at 386p, Laing "A" 3p to the good at 112p, and both Mowlem at 97p and Costain at 234p were a couple of pence better.

Even against the market's fairly modest estimates interim figures from Woolworth proved figures of disappointment and the shares dipped 13p to 55p and initially brought some reaction from other issues in the sector. Some recovered to unchanged positions, but House of Fraser was left 3p off at 126p, Birtm "A" 3p lower at 65p and Boots a couple of pence down to 208p.

Over in the Associated Dairies proved to be particularly well supported, rising 9p to 324p, but market doubts about Tesco left the shares a penny off at 43p. Kwik Save went against the general trend adding 2p to 220p, but British Sugar performed even better with a gain of 5p to 255p. Overseas issue Paterson Zochonis reacted from the previous day, losing 5p for a close of 225p.

After a mention here on the possibility of another bid Butterfield-Harvey rose 2p to 55p, while minor terms from Davney Day had Fleet Investments 5p up to 29p, Clayton Devandere was hit by profit

taking after its run on hopes of better terms and lost 3p to 143p.

In electricals figures from Dreamland Electrical from the shares unmoved at 33p and after a statement LEC Refrigeration lost 2p for a finish of 86p. Lucas, forgetting for the moment its domestic labour problems, rose 2p to 311p, after 316p, on its plan to build a diesel engine plant in America.

Racal reacted 8p to 494p on profit taking.

Wall Street proved to be a depressing influence on oil shares with BP closing 12p to 914p. Shell, with quarterly figures due today, also lost ground, by 5p to 578p. The market has a wide range of earnings estimates but a mid point would appear to be £330m for the three months. North Sea potential had the Lasso options 10p up to 373p and Gas & Oil Acreage was another firm spot at 107p, up 10p on the day.

In the insurance sector Royal reacted 10p to 370p after the strong figures of the previous day and took some of the gloss of other shares. But Sun Alliance managed a 5p gain to 500p and General Accident ended a couple of pence ahead at 214p.

The weakest of the clearing banks was Barclays which gave up 6p to 270p and Standard Chartered was also in retreat with a loss of 4p to 363p. Final figures from hire-purchase groups UDT left the shares 3p lower at 33p.

In properties earlier figures from Town & City had a penny lower at 9p, while companies going the way of Great Portland 4p to 27p and Chesterfield where the was 4p to 25p.

There was some measure of firmness in breweries, notably Greene King, up 3p to 26p.

Reports suggest that Hays may have more success in its second well in block 211/22 than was the case in the first. This has a maximum of 1,200 barrels south of the first and said to be nearer the centre of the structure. The shares were firm 92p.

Hardys & Hanson 5p to 87p and Burtonwood which rose to 87p.

In a further response earlier figures Georvic Tin 15p to 405p while figures from Marks & Spencer 3p Corah lifted the shares 3p to 28p. S. Hoffmann was up at 84p.

Adda stayed firm at 84p on further speculative interest. Equity turnover of August was 292,950 (47,147) barges. According to Exchange graph active stocks were ICI, BAT, Df, Unilever, Ultramar, Glaxo, Shell, BP, Glaxo, Boots, ICI, Tarmac, Rank, International, Lucas, BAT, Burmah, Associated, Di Cawoods and Great Portland.

Unilever results

for the second quarter of 1977 and the first half-year.

COMBINED RESULTS (£ millions)

Second Quarter		Increase/ (Decrease)		Half-year		Increase/ (Decrease)
1977	1976			1977	1976	
2,461	2,157	+14%	SALES TO THIRD PARTIES—Combined	4,812	4,243	+13%
1,024	914		—Limited	2,022	1,779	
1,437	1,243		—N.V.	2,790	2,464	
168.5	172.4	—(2%)	OPERATING PROFIT	291.9	307.8	—(5%)
—	(4.1)		Non-recurring items	—	(4.1)	
0.3	0.2		Income from trade investments	0.6	0.6	
16.3	1.5		Concern share of associated companies' profit before taxation	30.4	5.2	
(12.3)	(8.0)		Interest	(20.9)	(14.2)	
(11.6)	(10.4)		Interest on loan capital	(23.7)	(20.2)	
(0.7)	2.4		Other interest	2.8	6.0	
172.8	182.0	+7%	TOTAL CONCERN PROFIT BEFORE TAXATION	302.0	295.3	+2%
(78.1)	(75.4)		Taxation on profit of the year:			
(7.5)	(0.9)		Parent companies and their subsidiaries	(142.4)	(137.1)	
(2.3)	2.8		Associated companies	(13.9)	(2.4)	
(7.3)	(12.8)		Taxation adjustments previous years:			
(6.4)	(11.9)		Parent companies and their subsidiaries	(0.7)	(3.4)	
(0.9)	(0.9)		Associated companies	(10.7)	(20.0)	
82.2	70.1	+17%	Outside interests and preference dividends	(8.8)	(18.1)	
(0.8)			Outside interests	(1.9)	(1.9)	
81.4	70.1	+16%	Preference dividends			
41.7	30.0		Total concern profit attributable to ordinary capital at rates of exchange ruling 31/12/76	134.3	132.4	+1%
39.7	40.1		Difference arising on recalculation of 1977 results at end June 1977 rates of exchange	(1.3)		
21.91p	18.87p	+16%	TOTAL CONCERN PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL	133.0	132.4	
			—Limited	74.5	57.0	
			—N.V.	58.5	75.4	
			Earnings per 25p of Capital	35.80p	35.64p	

Exchange Differences

As has been our practice the results for the quarter and the half-year and the comparative figures for 1976 have been calculated at comparable rates of exchange. These are based on £1 = Fl. 4.18 = US\$ 1.70, which were the closing rates of 1976. Total concern profit attributable to ordinary capital for the current quarter and the half-year has also been recalculated at the rates of exchange current at the end of June 1977 being based on £1 = Fl. 4.27 = US\$ 1.72.

Accounting policies

As we explained in our first quarter announcement we have, in our reporting prior to 1977, made no distinction between associated companies, which are minority shareholdings where we have a significant influence in management, and trade investments where we have not. The results of associated companies have in total been immaterial and, therefore, such companies have been treated as trade investments with only income received taken up in the consolidated Profit and Loss Account. The sales and operating profits of associated companies and trade investments are not included in the Concern figures.

With the reduction of our shareholding in UAC of Nigeria from 60% to 40% in June, 1977, that company ceased to be a subsidiary and became an associated company with retrospective effect in the consolidated accounts from 1st January, 1977. Consequently, UAC of Nigeria sales and operating profit are no longer in the consolidated figures. After UAC of Nigeria became an associated company total results of associated companies became material and a change in accounting policy was required. As from 1st January, 1977, therefore, our share in the results of associated companies is shown separately after operating profit.

The 1976 figures are restated on the new accounting basis: sales and operating profit for that year are unaffected but profit before taxation and profit attributable are increased by some 1% over the originally published figures, due to the inclusion of our share of results from associated companies which were previously treated as trade investments.

Results

Operating profit for the quarter and the half-year again reflects the effect of the change in the shareholding of UAC of Nigeria so that it

becomes an associated company rather than a subsidiary. Nonetheless concern profits before taxation show an increase over 1976. Based on a comparison with 1976 figures adjusted to show the effect of this change, sales rose in value by 19% in the June quarter and by 18% for the half-year, while operating profit rose by 13% for the June quarter and by 10% for the half-year. Sales volume increase remained at about 3%.

In Europe consumer demand was sluggish and margins remained unsatisfactory. Prices of oil and fats, which rose substantially in the early part of the year, had fallen back by the end of June.

In the quarter edible fats did well but results for ice cream were well below the exceptionally good figures for 1976 principally because of poor weather in most of Europe.

The major meat companies continued to show losses. Some benefit has been gained from the re-organisation of The Wall's Meat Company in the United Kingdom: in the Netherlands a re-organisation is under consideration which is likely to involve significant non-recurring costs.

Other foods and animal feeds did well but detergents had another poor quarter. Profits in North America were disappointing. In other overseas countries results were somewhat ahead of the corresponding quarter of 1976.

UAC International continued to produce satisfactory results. Plantations benefited from higher world market prices for their produce and results were good.

The level of taxation on profit for the year continues to show the effect of the increased German tax rate. The favourable adjustment in respect of previous years also arose mainly in Germany.

Stock markets

Profits taken after good start

There was early excitement on the trading floor as the index threatened to breach the magic 500 mark before lunch.

In the first hour there was a continuation of Tuesday's strong investment interest and by 10 am the index was 4.6 ahead at 495.0.

But as the buying dried up the inevitable profit taking began to dominate and with jobbers only too happy to mark down to attract some stock the index closed 3.1 off at 483.3, a turnaround of nearly 10 points over the session.

In the gilt-edged market dealers said there was a good two-way trade at the higher levels after the continued strength of sterling had made for a firm opening.

With dealers speculating on another ALR cut short dates closed with gains of up to half a point with yield considerations not the least of their attractions. At the longer end of the range a similarly strong demand helped many stocks to end the day with gains of around five-eighths of a point.

On the leaders pitch second quarter profits from Unilever

was lowered 5p for a finish of 563p. The feeling that lower interest rates might bring some stimulus to the building sector helped contracting issues to hold up better than most. Here Taylor Woodrow ended 4p ahead at 386p, Laing "A" 3p to the good at 112p, and both Mowlem at 97p and Costain at 234p were a couple of pence better. Even against the market's fairly modest estimates interim figures from Woolworth proved figures of disappointment and the shares dipped 13p to 55p and initially brought some reaction from other issues in the sector. Some recovered to unchanged positions, but House of Fraser was left 3p off at 126p, Birtm "A" 3p lower at 65p and Boots a couple of pence down to 208p.

Over in the Associated Dairies proved to be particularly well supported, rising 9p to 324p, but market doubts about Tesco left the shares a penny off at 43p. Kwik Save went against the general trend adding 2p to 220p, but British Sugar performed even better with a gain of 5p to 255p. Overseas issue Paterson Zochonis reacted from the previous day, losing 5p for a close of 225p.

After a mention here on the possibility of another bid Butterfield-Harvey rose 2p to 55p, while minor terms from Davney Day had Fleet Investments 5p up to 29p, Clayton Devandere was hit by profit

Company		Sales		Profits		Earnings		Div		Pay		Year's	
		£m		£m		per share		pence		date		total	
Unilever (F)		15(8.2)		6.85(2.13)		34(12.5)		7(3.1)		2/10		7(3.1)	
Assam Int (F)		1(1.1)		0.13(0.12)		1.6(5.4)		1.9(1.05)		2/10		1.9(1.05)	
Assoc Tooling (F)		1(1.1)		0.4(0.3)		0.6(0.55)		2(2.2)		3/10		2(2.2)	
BCA (I)		1(1.1)		—		3.0(2.94)		3(3.0)		12/10		3(3.0)	
Brit Ag (I)		1(1.1)		—		1.8(1.78)		1.8(1.78)		7/10		1.8(1.78)	
Corah (I)		15.9(12.4)		4.4(3.8)		5.7(6.4)		2.7(2.4)		2/10		2.7(2.4)	
Crouch (F)		10(10.1)		0.83(0.82)		1.35(1.23)		1.17(1.0)		5/9		1.17(1.0)	
Dreamland (I)		10(10.1)		0.83(0.82)		1.35(1.23)		1.17(1.0)		5/9		1.17(1.0)	
S. Hoffmann (I)		10(10.1)		0.83(0.82)		1.35(1.23)		1.17(1.0)		5/9		1.17(1.0)	
Int Int Trust (I)		1(1.1)		—		3.4(2.99)		0.79(0.72)		1/10		0.79(0.72)	
K. Smale (F)		1(1.1)		—		4.2(1.8)		0.96(0.83)		4/11		0.96(0.83)	
Lec Refrig (I)		14(11.2)		0.83(0.82)		1.35(1.23)		1.17(1.0)		5/9		1.17(1.0)	
McKay (F)		2.3(1.9)		0.23(0.2)		2.39(1.8)		1.0(1.0)		1/10		1.0(1.0)	
McKay Power (I)		2.3(1.9)		0.23(0.2)		2.39(1.8)		1.0(1.0)		1/10		1.0(1.0)	
Tiger Oats (I)		230.3(186.3)		35.7(12.03)		102(814)		22(205)		4/11		22(205)	
Unilever (I)		4.612(4.243)		302.0(295.3)		35.8(35.8)		—		—		—	
UDT (F)		12.2(4.1)		10.9(12.1)		—		1.22(1.22)		—		1.22(1.22)	
Woolworth (I)		333.2(298.5)		—		—		—		—		—	

Hanson sells 22pc stake in H. Sykes

By Bryan Appleyard

Hanson Trust has sold a 21.95 per cent stake in Henry Sykes, the London-based pump and pneumatic equipment hire and maker, for £1.87m.

The buyers are Hambros Bank and the National Coal Board Superannuation and Pension Funds. They jointly bought the 1.87m shares at £1 each through stockbrokers Capel-Cure Myers.

Sykes shares are traded over-the-counter by M. J. H. Nightingale & Co. Before the deal was announced they were priced at 84p yielding 2.8 per cent with a price earnings ratio of 8. The £1 price puts a capitalization on the company of £8.5m.

Hambros says the stake will be divided between the two buyers with Hambros taking fractionally more, probably about 12 per cent of the company. A director representing the new shareholders is to be nominated to the Sykes board. Sykes reported £1.8m pre-tax profit for the year to December 31 on turnover of £15.2m against £1.6m on turnover of £11.6m in 1975. Exports sales grew strongly from £2.3m to £4.3m last year.

The company has substantial Arab interests with its subsidiary Khansha-Sykes in the United Arab Emirates, a 40 per cent stake in Osis-Sykes in Saudi Arabia and a 47.5 per cent stake in Sykes New Dewatering in Bahrain.

The largest single holding in the company is a 35.7 per cent stake held by the Industrial & Commercial Finance Corporation.

There was substantial trading in the shares yesterday and the price moved up 15p to 99p. It has been one of the more active over-the-counter stocks in the past year with continuing talk of an imminent full Stock Exchange quotation as soon as it was justified.

Corah well on way to bumper £2.8m after midterm surge

By Alison Mitchell

Bank Base Rates

Barclays Bank	8%
Consolidated Crds	8%
First London Secs	8%
C. Moore & Co	8%
Lloyds Bank	8%
Midland Bank	8%
Nat Westminster	8%
Royal Bank	8%
Shenley Trust	11%
T.S.B.	8%
Williams & Glyn's	8%

* 7 day deposits on sums of £10,000 and under, up to £25,000, 5%.

FINANCIAL NEWS AND MARKET REPORTS

Stock Conversion sees same-again outcome

By John Brennan
Stock Conversion & Investment Trust forecasts that the current year should see pre-tax revenues "not less" than the £4.17m already reported for 1976-77.

Group accounts for the year to end March, 1977, show that conversions are beginning to flow in from earlier developments, adding £532,000 to net rents

and counter balancing a £678,000 turnaround to a £185,000 loss from the finance subsidiary. Holding costs on developments, which are charged directly to the revenue account, rose £500,000 to £1.7m. But the development programme continues to wind-down, and capital commitments at the year-end dipped by £1m to £3m.

A part revaluation of investment properties; development completions; acquisitions; and consolidation of a former associate company add £18m to Stock Conversion's portfolio. Properties held directly by the group are now valued at £59.5m, which is still less than the historic book value of associates and subsidiaries' properties, but enough to raise the book figure for net assets per share to 23p per share fully diluted. The shares fell 4p to 210p yesterday.

Recent Issues

Company	Price	Yield	P/E
138 100 Airsprung Ord	41	4.2	10.3
138 100 Airsprung 18% CULS	138	18.4	13.4
37 25 Armistage & Rhodes	127	12.0	9.7
125 100 Bardon Hill	127	3.2	6.8
143 95 Deborah Ord	143	17.5	11.8
149 104 Deborah 18% CULS	149	11.5	6.5
135 120 Frederick Parker	96	12.2	9.2
46 45 Henry Sykes	48	2.0	9.6
48 36 Jackson Group	89	6.0	6.7
91 55 James Burroughs	277	27.0	9.7
286 188 Robert Jenkins	11	12.0	19.3
24 8 Twinlock Ord	63	1.0	11.1
64 54 Twinlock 12% ULS	63	1.0	11.1
65 51 Unilock Holdings	72	6.4	8.9
77 65 Walter Alexander	72	6.4	8.9

TOKYO SHIBAURA ELECTRIC CO., LTD.

61% CONVERTIBLE DEBENTURES DUE MARCH 31, 1983

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

NOTICE IS HEREBY GIVEN to the holders of the 61% Convertible Debentures due March 31, 1983 (the "Debentures") of Tokyo Shibaaura Electric Co., Ltd., a Japanese corporation (the "Company"), that pursuant to Article Four of the Indenture, dated as of February 15, 1979, between the Company and the Bank of Tokyo Trust Company, as Trustee (the "Trustee"), the Company has decided to redeem on September 23, 1977 all Debentures then outstanding in accordance with the provisions of the fifth paragraph of the Debentures.

The price at which the Debentures will be redeemed will be 103% of the principal amount thereof and will be U.S. \$1,030 per U.S. \$1,000 principal amount. In addition, the Company will pay on redemption of the Debentures interest accrued to September 23, 1977, in the amount of U.S. \$91.06 per U.S. \$1,000 principal amount of the Debentures.

The payment of the redemption price will be made on and after September 23, 1977 upon presentation and surrender of the Debentures, together with all coupons appertaining thereto maturing after September 23, 1977, at the principal office of any of the following Paying Agents:

- The Bank of Tokyo Trust Company (New York)
- The Bank of Tokyo, Ltd. (London)
- The Bank of Tokyo, Ltd. (Paris)
- The Bank of Tokyo, Ltd. (Brussels)
- The Bank of Tokyo, Ltd. (Frankfurt, Main)
- Chemical Bank (New York)
- Chemical Bank (London)
- Chemical Bank (Frankfurt/Main)
- Piermont, Hulsberg & Pierson (Amsterdam)
- Banco Nacional del Lavoro (Rome)
- Banco Nacional del Lavoro (Milan)
- Kreditbank S.A. Luxembourg

All payments will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts at the office of the Trustee, 100 Broadway, New York City, or, at the option of the holder, in like coin or currency, at the other offices specified above, by check drawn on, or transfer to a United States dollar account maintained by the payee with a bank in New York City, subject to any applicable laws and regulations, all in accordance with the provisions of the Debentures, the coupons and the Indenture.

FROM AND AFTER SEPTEMBER 23, 1977 INTEREST ON THE DEBENTURES WILL CEASE TO ACCRUE, AND THE RIGHT TO CONVERT THE DEBENTURES INTO SHARES OF COMMON STOCK OF THE COMPANY (OR EUROPEAN OR AMERICAN DEPOSITARY SHARES REPRESENTING SUCH COMMON STOCK) WILL TERMINATE AT THE CLOSE OF BUSINESS ON SEPTEMBER 23, 1977.

The Debentureholders' attention is called to the fact that, in accordance with the provisions of the fourth paragraph of the Debentures, they may convert their Debentures into shares of the Company's Common Stock (par value of Yen 50 per share) or, at the option of the Debentureholders, into European or American Depositary Shares each representing 50 shares of such Common Stock, at the conversion price (with the Debentures taken at their principal amount translated into Japanese yen at the rate of U.S. \$1 equals Yen 360) of Yen 112 per share. Each Debentureholder who wishes to convert his Debentures must, before the close of business on September 23, 1977, deposit his Debentures, together with all unmatured coupons and a written notice to convert (the form of which notice is available from any of the Paying Agents), in the case of conversion into shares of Common Stock or European Depositary Shares, with the principal office of any of the Paying Agents specified above, and in the case of conversion into American Depositary Shares, with the office of Chemical Bank, 55 Water Street, New York City. For the information of the Debentureholders, the reported closing price of the Common Stock of the Company on the Tokyo Stock Exchange during the period from July 1 to August 15, 1977 was Yen 145 per share.

TOKYO SHIBAURA ELECTRIC CO., LTD.
By: The Bank of Tokyo Trust Company, as Trustee

August 18, 1977

Midland Bank Limited

U.S. \$50,000,000 Floating Rate Capital Notes 1983

For the six months 18th August 1977 to 21st February 1978 the Notes will carry an interest rate of 7½ per cent. per annum.

Listed on The London Stock Exchange.

Principal Paying Agent: European-American Bank & Trust Company, 10 Hanover Square, New York, NY 10005, USA

Foreign Exchange

Sterling slipped back from its best position in late trading yesterday, but still closed with a 7-point gain on \$1.7410, compared with \$1.7403 overnight. Against the Continent, however, the pound lost ground in line with the weak dollar.

The pound's effective exchange index also fell back, finishing at 62.1, against 62.3 at Tuesday's calculation. The pound moved sharply ahead during the morning, trading around its highest level of the year of \$1.7415 in response to overnight Far-Eastern and Continental support. Bank of England selling of pounds was described by dealers as fairly substantial in the afternoon.

Gold closed at \$143.875 up \$0.50 on the day.

Spot Position of Sterling

Market	Rate
New York	\$1.7410
London	\$1.7410
Frankfurt	DM 3.36
Paris	FF 66.50
Geneva	Sw 1.74
Zurich	Sw 1.74
Basel	Sw 1.74
Brussels	FF 66.50
Amsterdam	gld 3.36
Antwerp	gld 3.36
Lisbon	Esc 200.00
Madrid	Ptas 166.67
Barcelona	Ptas 166.67
Valencia	Ptas 166.67
Seville	Ptas 166.67
Granada	Ptas 166.67
Malaga	Ptas 166.67
Cadiz	Ptas 166.67
San Sebastian	Ptas 166.67
Bilbao	Ptas 166.67
Vitoria	Ptas 166.67
Pamplona	Ptas 166.67
Leizor	Ptas 166.67
Barakaldo	Ptas 166.67
Getxo	Ptas 166.67
Lekeitio	Ptas 166.67
Plencia	Ptas 166.67
Baracaldo	Ptas 166.67
Barakaldo	Ptas 166.67
Barakaldo	Ptas 166.67

Source: Reuters

Forward Levels

Month	Rate
1 month	\$1.7410
3 months	\$1.7410
6 months	\$1.7410
9 months	\$1.7410
12 months	\$1.7410

Source: Reuters

Gold

Gold closed at \$143.875 up \$0.50 on the day.

Source: Reuters

Discount market

For the second day running, houses were able to get through a short credit day yesterday without assistance from the Bank of England. Most houses, reluctant to surrender their cash to the authorities, chose to pay up to 10p per cent for fresh funds and secured the right course of action as interbank rates reached 10p per cent for a brief period in the afternoon. Rates in the secured market fell finally 6 to 7 per cent, the lowest point of the day being 6 per cent in early afternoon.

A fall in the rate circulation was the only identified factor working in favour of the market.

Money Market

Bank of England Treasury Bill Rate 10p

Source: Reuters

Eurosyndicat

The Eurosyndicat index on European share prices was put provisionally at 115.18 on August 16, against 115.63 a week earlier.

Source: Reuters

GENERAL ACCIDENT

Leading Brazilian bank has acquired a minority interest in company's Brazil subsidiary giving GA increased share of growing insurance business there.

Source: Reuters

Wall Street

New York, Aug 17.—The New York Stock Exchange was mostly lower ignoring favourable economic news while worrying about interest rates.

The Dow Jones Industrial average was down 4.59 points to 864.69, declining issues moderately outnumbered gainers by about 725 to about 580.

Volume totalled 20,920,000 shares compared with 19,340,000 shares Tuesday.

Coffee closes 6c down

New York, Aug 17. COFFEE futures in C contracts declined at close after a day of mixed trading. The September contract fell 6 cents to 50.00, down from 50.60, the highest since July 14.

Source: Reuters

Forward Levels

Month	Rate
1 month	\$1.7410
3 months	\$1.7410
6 months	\$1.7410
9 months	\$1.7410
12 months	\$1.7410

Source: Reuters

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Authorized Units, Insurance & Offshore Funds

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37 25 Armistage & Rhodes	127	12.0	9.7
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65 51 Unilock Holdings	72	6.4	8.9
77 65 Walter Alexander	72	6.4	8.9

BELL'S
SCOTCH WHISKY
More ye go

COMMERCIAL AND INDUSTRIAL									
Company	Price	Yield	Div	Div	Div	Div	Div	Div	Div
1st Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
2nd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
3rd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
4th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
5th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
6th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
7th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
8th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
9th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
10th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
11th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
12th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
13th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
14th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
15th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
16th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
17th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
18th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
19th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
20th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
21st Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
22nd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
23rd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
24th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
25th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
26th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
27th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
28th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
29th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
30th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
31st Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
32nd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
33rd Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
34th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
35th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
36th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
37th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
38th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
39th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
40th Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
41st Nat Bank	110 1/2	4 1/2	100	100	100	100	100	100	100
42nd Nat Bank	110 1/2	4 1/2	100	100	1				

